Letter of Offer
Dated: [●], 2021
For Eligible Equity Shareholders only

KDDL Limited

KDDL LIMITED

Our Company was originally incorporated as 'Kamla Dials and Devices Limited' as a public limited company under the Companies Act, 1956 pursuant to certificate of incorporation dated January 8, 1981, issued by the Registrar of Companies, Delhi and Haryana. Our Company received its certificate of commencement of business on February 6, 1981, issued by the Registrar of Companies, Delhi and Haryana. Subsequently, the name of our Company was changed to its present name 'KDDL Limited' pursuant to a fresh certificate of incorporation dated September 14, 2007 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. For details of change of our name, see "General Information" on page 38.

Registered Office: Plot No. 3, Sector III, Parwanoo – 173 220, Himachal Pradesh, India; **Telephone**: +91 1792 232462
Corporate Office: Kamla Centre, SCO 88-89, Sector – 8C, Chandigarh – 160 009, India, **Telephone**: +91 172 2548223/ 24/ 27
Contact Person: Brahm Prakash Kumar, Company Secretary and Compliance Officer
Email: investor.complaints@kddl.com; **Website**: www.kddl.com
Corporate Identity Number: L33302HP1981PLC008123

OUR PROMOTERS: RAJENDRA KUMAR SABOO AND YASHOVARDHAN SABOO

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF KDDL LIMITED ONLY

ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("RIGHTS EQUITY SHARES") OF KDDL LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] EACH INCLUDING A SHARE PREMIUM OF ₹[●] PER RIGHTS EQUITY SHARE ("ISSUE PRICE") FOR AN AGGREGATE AMOUNT UPTO ₹ 2,500.00 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE "*TERMS OF THE ISSUE*" ON PAGE 194.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Specific attention of investors is invited to the statement of "*Risk Factors*" on page 18 before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**") (together, the "**Stock Exchanges**"). Our Company has received 'in-principle' approvals from the BSE and NSE for listing the Rights Equity Shares through their letters dated [●] and [●], respectively. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is [●]

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
ITI CAPITAL LIMITED	KFINTECH
ITI Capital Limited Naman Midtown, 'A' Wing, 20th Floor, SenapatiBapat Marg, Elphinstone (West), Mumbai – 400 013, Maharashtra, India **Tel**: +91 22 4031 3371 **Email**: kddlrights@iticapital.in **Investor Grievance Email**: investorgrievance@iticapital.in **Website**: www.iticapital.in **Contact Person**: Pallavi Shinde/ Mihir Pandhi **SEBI Registration Number**: INM000010924	**KFin Technologies Private Limited** Selenium Tower B, Plot 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi - 500 032, Telangana, India **Tel**: +9140 6716 2222 **Email**: kddl.rights@kfintech.com **Investor Grievance Email**: einward.ris@kfintech.com **Website**: www.kfintech.com **Contact Person**: M. Murali Krishna **SEBI Registration Number**: INR000000221

ISSUE PROGRAMME

ISSUE OPEN ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
[●]	[●]	[●]

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

*** Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

This Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "Statement of Special Tax Benefits" and "Financial Information" on pages 50 and 78, respectively, shall have the meaning given to such terms in such sections.

General terms

Term	Description
"KDDL Limited" or "KDDL" or "Our Company" or "the Company" or "the Issuer"	KDDL Limited incorporated under the Companies Act, 1956, with its registered office at Plot No. 3, Sector – III, Parwanoo – 173 220, Himachal Pradesh, India.
"We", "us", "our" or "Group"	Unless the context otherwise indicates or implies or unless otherwise specified, our Company together with our Subsidiaries, Joint Venture and Associate, on a consolidated basis.

Company related terms

Term	Description
Articles / Articles of Association / AoA	The Articles of Association of our Company, as amended from time to time.
Assembly Unit	Located at Village Dhana, Bagbania, Manpura, Baddi, Solan – 173 205, Himachal Pradesh, India.
Associate	Kamla Tesio Dials Limited
Auditor / Statutory Auditor	Our current statutory auditor, being S.R. Batliboi & Co. LLP, Chartered Accountants.
Audited Financial Statements	Our consolidated audited financial statements of our Company and Subsidiaries namely, Ethos Limited, Mahen Distribution Limited, Kamla International Holdings S.A, Satva Jewellery and Design Limited and Pylania S.A., Estima A.G. and Cognition Digital LLP for the financial year ended March 31, 2020 which comprises of the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the years ended on that date, and notes to the consolidated financial statements, including a summary of significant accounting policies andother explanatory information.
Board / Board of Directors	Board of Directors of our Company, including any committees thereof.
Dials Unit – I	Located at Plot No. 3, Sector – III, Parwanoo – 173 220, Himachal Pradesh, India.
Dial Unit – II	Located at Haibatpur Road, Saddomajra, Derabassi – 140 507, Punjab, India.
Director(s)	The director(s) on the Board of our Company, unless otherwise specified.
Equity Share(s)	The equity shares of our Company of face value of ₹10 each, unless otherwise specified in the context thereof.
Hands Unit – I	Located at Plot No. 296-297, 5th Main, IV Phase,Peenya Industrial

Term	Description
	Area,Bengaluru– 560 058, Karnataka, India.
Hands Unit – II	Located at 408, 2nd Floor, 4th Main, 11th Cross, Peenya Industrial Area, Bengaluru – 560 058, Karnataka, India.
Independent Director(s)	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations.
Key Management Personnel / KMP	Key management/ managerial personnel of our Company in accordance with Regulation 2(1) (bb) of the SEBI ICDR Regulations and as described in "*Our Management – Key Managerial Personnel*" on page 73.
Material Subsidiary	Ethos Limited
Memorandum / Memorandum of Association / MoA	Memorandum of association of our Company, as amended from time to time.
Packaging Unit	Located at Plot No. 9, Sector V, Parwanoo – 173220, Himachal Pradesh, India.
Precision Engineering Unit	Located at 55A, Hunachur Village, Jalahalli, Yelahanka Taluk, KIADB Aerospace Park, Bengaluru – 562 149, Karnataka, India.
Promoter(s)	The Promoters of our Company, namely Rajendra Kumar Saboo and Yashovardhan Saboo.
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations.
Registered Office	The registered office of our Company located atPlot No. 3, Sector – III, Parwanoo – 173 220, Himachal Pradesh, India.
Registrar of Companies/ RoC	The Registrar of Companies, Punjab, Chandigarh and Himachal Pradesh.
Rights Issue Committee	The committee of our Board constituted through the resolution dated June 27, 2020.
Shareholders / Equity Shareholder	The equity shareholders of our Company, from time to time.
Subsidiaries	Ethos Limited, Mahen Distribution Limited, Kamla International Holdings S.A, Satva Jewellery and Design Limited and Pylania S.A., Estima A.G. and Cognition Digital LLP.
Unaudited Financial Results	Our unaudited consolidated limited reviewed financial results of our Company and Subsidiaries namely, Ethos Limited, Mahen Distribution Limited, Kamla International Holdings S.A, Satva Jewellery and Design Limited and Pylania S.A., Estima A.G. and Cognition Digital LLP for the quarter ended and nine months period ended December 31, 2020 in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015, including the notes thereto.

Issue related terms

Term	Description
Abridged Letter of Offer / ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the SEBI ICDR Regulations and the Companies Act.
Allot / Allotted / Allotment	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allotment Accounts	The accounts opened with the Bankers to this Issue, into which the Application amounts blocked by Application Supported by BlockedAmount in the ASBA Account, with respect to successful Applicants will be transferred on theTransfer Date.
Allotment Date	Date on which the Allotment is made pursuant to the Issue.
Allottee(s)	Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue.
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncees who are entitled to make an application for the Equity Shares in terms of this Letter of Offer.
Application	Application made through (i) submission of the Application Form or plain paperApplication to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on

Term	Description
	R-WAP, to subscribe to theEquity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online applicationform available for submission of application through R-WAP facility or though the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Equity Shares in this Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Applicant(s) to make an application authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper.
Bankers to the Issue	Collectively, the Escrow Collection Bank, the Allotment Account Bank(s) and the Refund Account Bank to the Issue, in this case being [●]
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in "*Terms of the Issue*" on page 194.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time.
Designated Branches	Such branch/branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI or the Stock Exchange(s), from time to time.
Designated Stock Exchange	[●]
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Eligible Equity Shareholder(s)/ Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date.
Escrow Account	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility.
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, [●]
Issue / Rights Issue	Issue of up to [●] Rights Equity Shares for cash at a price of ₹ [●] per Rights Equity Share, including a share premium of ₹ [●] per Rights Equity Share for an aggregate amount upto ₹ 2,500.00 lakhs on a rights basis by our Company to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders on the Record Date.
Issue Agreement	Issue agreement dated [●] between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ [●] per Rights Equity Share.
Issue Proceeds	The gross proceeds raised through the Issue.
Issue Size	The issue of up to [●] Rights Equity Shares aggregating to an amount upto ₹ 2,500 Lakhs.
Lead Manager	ITI Capital Limited.
Letter of Offer / LOF	This letter of offer dated [●] filed with the Designated Stock Exchange and NSE

Term	Description
	and with SEBI for record purposes.
Materiality Policy	'*Policy for Determination and Disclosure of Materiality of an Event or Information*' adopted by our Board in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, read with the materiality policy adopted by the Board of Directors of our Company through its resolution dated January 8, 2021 for the purpose of litigation disclosures in this Letter of Offer.
MCA Circular	General Circular No. 21/ 2020 dated May 11, 2020 read along with General Circular No. 27/ 2020 dated August 3, 2020 issued by Ministry of Corporate Affairs, Government of India.
Mutual Fund	Mutual fund registered with SEBI under the SEBI Mutual Fund Regulations.
Net Proceeds	Issue Proceeds less the Issue-related expenses. For details, see "*Objects of the Issue*" on page 194.
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI – Rights Issue Circular, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [●].
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws.
QIBs / Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being [●].
Refund Bank	The Banker to the Issue with whom the refund account will be opened, in this case being [●].
Registrar / Registrar to the Issue	KFin Technologies Private Limited
Registrar Agreement	Agreement dated January 6, 2021 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility.
Renouncee(s)	Person(s) who not being the original recipient, has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI – Rights Issue Circular, the Companies Act and any other applicable law.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Investor / RII	An individual Investor who has applied for Rights Equity Shares for an amount not more than ₹ 200,000 (including an HUF applying through karta in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlements/ REs	The right to apply for the Equity Shares, being offered by way of this Issue, by an Investor, in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, in this case being [●] Equity Share for every [●] Equity Share held by an Eligible Equity Shareholder, on the Record Date excluding fractional entitlements.
Rights Entitlements Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and the link of which is available on the website of our Company.
Rights Equity Shares / Rights Shares	Equity Shares of our Company to be Allotted pursuant to the Issue.
R - WAP	Registrar's web based application platform accessible at www.kfintech.com, instituted as an optional mechanism in accordance with SEBI circular bearing

Term	Description
	reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, for accessing/ submitting online Application Forms by resident Investors.
Self-Certified Syndicate Banks / SCSBs	Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available at website of SEBI and/or such other website(s) as maybe prescribed by SEBI from time to time.
Stock Exchanges	BSE and NSE where the Equity Shares are presently listed.
Transfer Date	The date on which Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations.
Working Day	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to Issue Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays.

Business and Industry Related Terms

Terms	Description
ASSOCHAM	Associated Chambers of Commerce and Industry of India
CAD	Computer Aided Design
CHF	Swiss Franc
Club ECHO	Club Echo Loyalty Program
CNC Milling	Computer Numerical Control Milling Machine
CSR	Corporate Social Responsibility
EDM	Electrical Discharge Machine
FQC	Final Quality Control
GDP	Gross Domestic Product
GVA	Gross Value Added
HNI's	High Networth Individuals
IIP	Index of Industrial Production
ISO/TS 16949:2009	Quality Management Systems
MRP	Minimum Retail Price
NCAER	National Council of Applied Economic Research
OEM's	Original Equipment Manufacturers
Watch components	Watch dials and watch hands

Conventional, General Terms and Abbreviations

Term	Description
₹/ Rs./ Rupees/ INR	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AIF	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited

Term	Description
CIN	Corporate Identity Number
Companies Act	Companies Act, 2013 and the rules made thereunder
Consolidated FDI Policy	The consolidated FDI Policy, effective from October 15, 2020, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository Participant / DP	A participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary general meeting
EPS	Earnings per Share
ERP	Enterprise Resource Planning
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations made thereunder
FEMA Rule	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial year / Fiscal	Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
Foreign Portfolio Investor / FPI	Foreign portfolio investor as defined under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GDP	Gross Domestic Product
Government / Government of India / GoI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financing Reporting Standards of the International Accounting Standards Board
Ind AS	Indian accounting standards prescribed under Section 133 of the Companies Act, as notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ISIN	International Securities Identification Number allotted by the depository
IT	Information Technology
I.T. Act / IT Act	Income Tax Act, 1961
I. T. Rules	Income Tax Rules, 1962
Listing Agreements	The listing agreements entered into by our Company with the Stock Exchanges
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
MoU	Memorandum of Understanding
NA / N.A.	Not Applicable
NACH	National Automated Clearing House which is a consolidated system of ECS
NAV	Net asset value
NCLT	National Company Law Tribunal

Term	Description
NCLAT	National Company Law Appellate Tribunal
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NI Act	Negotiable Instruments Act, 1881
NSDL	National Securities Depository Limited
NR / Non-Resident	A person resident outside India, as defined under the FEMA
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NRI	Non Resident Indian
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
p.a.	Per Annum
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price / Earnings Ratio
PIO	Persons of Indian Origin
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
RTGS	Real Time Gross Settlement
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/2020/78 dated May 6, 2020 and SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Securities Act	United States Securities Act of 1933
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
Trade Marks Act	Trade Marks Act, 1999

Term	Description
US	United States of America
US GAAP	Generally Accepted Accounting Principles in United States
U.S.	“Qualified institutional buyer”, as defined in Rule 144 of the Securities Act
VCF	A venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996)

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlements Letter, any other Issue material and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. For details, see, "*Restrictions on Purchases and Resales*" on page 194.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer / the Abridged Letter of Offer, the Application Form, and other applicable Issue material ("**Issue Material**") to e-mail addresses of Eligible Equity Shareholders who have provided an Indian address to our Company in accordance with SEBI Rights Issue Circulars or who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Issue Material shall not be sent the Issue Material. Further, this Letter of Offer will be provided, through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions and in each case, who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, and on R-WAP.

Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company. However, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of the Issue Material. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter and the Application Form.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer will be filed with the Stock Exchanges and SEBI. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlements Letter and any Issue materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdictions or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or re-distributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for

our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Other Regulatory and Statutory Disclosures –Selling Restrictions*" beginning on page 185.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jursisdictions applicable to such persons in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the delivery of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlements Letters or any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer and the Abridged Letter of Offer, the Application Form, the Rights Entitlements Letter or the date of such information.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer Rights of Equity Shares or Rights Entitlements. Accordingly, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Right Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON

NOTICE TO INVESTORS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "**UNITED STATES**" OR "**US**"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD (I) IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS AND (II) IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ("**U.S. QIB**") PURSUANT TO SECTION 4(a)(2) OF THE SECURITIES ACT AND OTHER EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE SAID SECURITIES, EXCEPT IN EACH CASE TO PERSONS IN THE UNITED STATES WHO ARE U.S. QIBs. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME (OTHER THAN TO U.S. QIBs).

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made (other than persons in the United States who are U.S. QIBs). No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States (in each case, other than from persons in the United States who are U.S. QIBs) or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and the Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States; or (ii) it is a U.S. QIB in the United States, and in each case is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form. All offers and sales in the United States of the Rights Entitlements and the Rights Equity Shares have been, or will be, made solely by our Company. The Lead Manager is not making, and will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the Securities and Exchange Commission (the "**US SEC**"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited company under the laws of India and the majority of the Directors and all executive officers are residents of India. It may not be possible or may be difficult for investors to effect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India.

India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**"). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be reciprocating territory, is filed before a district court in India, such decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code.

Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only bay suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- the judgment has not been pronounced by a court of competent jurisdiction;
- the judgment has not been given on the merits of the case;
- the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- the proceedings in which the judgment was obtained are opposed to natural justice;
- the judgment has been obtained by fraud; and/or
- the judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions; (ii) 'India' are to the Republic of India and its territories and possessions; and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, all references in this Letter of Offer are in Indian Standard Time. Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

Unless stated or the context requires otherwise, our financial data as at and for the year ended March 31, 2020 included in this Letter of Offer is derived from the Audited Financial Statements as at and for the year ended March 31, 2020. For further information, see "*Financial Information*" on page 78.

We have prepared our annual Audited Financial Statements in accordance with Ind AS and Unaudited Financial Results in accordance with Ind AS 34 prescribed under the Section 133 of the Companies Act 2013 and Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements), 2015. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

Our Company's Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal or FY, unless stated otherwise, are to the 12 months period ending on March 31 of that particular calendar year.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in lakhs.

Market and Industry Data

Unless stated otherwise, market and industry data used in this Letter of Offer has been obtained or derived from publicly available information, industry publications and sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy, adequacy, completeness, reliability or underlying assumption are not guaranteed. Similarly, industry forecasts, market research and industry and market data used in this Letter of Offer, while believed to be reliable, have not been independently verified by our Company, the Lead Manager or its affiliates and neither our Company, the Lead Manager, nor its respective affiliates make any representation as to the accuracy of such information. Accordingly, Investors should not place undue reliance on this information.

Non-GAAP measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, return on Net Worth, Net Asset Value per Equity Share, ratio of non-current liabilities-borrowings (including current maturities) / total equity (excluding non-controlling interest), ratio of total borrowings/ total equity (excluding non-controlling interest) and EBITDA have been included in this Letter of Offer. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

Currency and Units of Presentation

All references to "Rupees" or "₹" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "U.S. Dollar", "USD" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America.

Certain numerical information has been presented in this Letter of Offer in "Lakhs" units. 1,00,00,000 represents one crore and 10,00,000 represents one million.

Exchange Rates

These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and the respective foreign currencies:

Currency	**Exchange rate as on**		
	December 31, 2020	**March 31, 2020**	**March 31, 2019**
1 US$	73.05	75.39	69.17

(Source: www.fbil.org.in)
Wherever the exchange rate was not available on account of March 31st being a holiday, the exchange rate as of the immediately preceding working day has been provided.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology including 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'future', 'forecast', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'target', 'will', 'would' or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements may include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Letter of Offer that are not historical facts.

These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third-party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to differ materially from any of the forward-looking statements include, among others:

- Uncertainty in relation to continuing effect of the COVID-19 pandemic on our business and operations;
- Our ability to effectively implement our business and growth strategies;
- Our inability to anticipate and respond to changes in customer preferences in a timely and effective manner;
- Any imitation of the brands, products, or any reproduction of likenesses of the products sold by us;
- The loss of certain key customers on whom we are dependent for our revenue;
- Our inability to maintain quality standard for our products;
- Current trends of discounting and pricing strategies;
- Our inability to attract and retain skilled personnel; and
- Our inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for our business operations.

For further discussion of factors that could cause the actual results to differ from the expectations, see the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 18, 63 and 156, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as at the date of this Letter of Offer and are not a guarantee or assurance of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Accordingly, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct and given the uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Letter of Offer, including the sections titled "*Risk Factors*", "*Objects of the Issue*", "*Our Business*" and "*Outstanding Litigations and Defaults*" on pages 18, 45, 63 and 182 respectively.

Summary of our Business

Our Company is engaged in the manufacturing of watch components and precision engineering products. Our Company has been engaged in the manufacture watch components i.e watch dials and watch hands over three decades and is considered to be one of India's leading watch components manufacturers for others. Our Company is a manufacturer of watch components and supplier to domestic and international luxury watch brands. Our watch components are manufactured at Parwanoo, Himachal Pradesh Derabassi Punjab and Bengaluru, Karnataka.

Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue towards the following objects:

(₹ In lakhs)

S. No.	Particulars	Amount
1.	Investment in our material subsidiary, Ethos Limited for funding its working capital requirements*	1,875.00
2.	General corporate purposes**	[●]
	Total Net Proceeds* **	**[●]**

**Pursuant to the certificate dated January 30, 2021, issued by Ajay Rattan & Co., Chartered Accountants.*
***Subject to the finalization of the Basis of Allotment and the Allotment of the Rights Equity Shares. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*
****Assuming full subscription and Allotment of the Rights Equity Shares.*

For further details, see "*Objects of the Issue*" on page 45

Intention and extent of participation by our Promoter and Promoter Group in the Issue

Our Promoters and Promoter Group, by way of their letters dated February 16, 2021, have confirmed to subscribe, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Gorup, over and above its Rights Entitlements, as applicable, or subscription to the unsubscribed portion of this Issue, shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

Summary of Outstanding Litigations and Defaults

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer is set forth in the table below:

Nature of Cases	Number of Cases	Amount Involved* (₹ lakhs)
Litigations involving our Company		
Proceedings involving moral turpitude or criminal liability on our Company	Nil	-
Proceedings involving material violations of statutory regulation by our Company	Nil	-

Nature of Cases	Number of Cases	Amount Involved* (₹ lakhs)
Matters involving economic offences where proceedings have been initiated against our Company	Nil	-
Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	-

Nature of Cases	Number of Cases	Amount Involved* (₹ lakhs)
Litigations involving our Subsidiaries		
Proceedings involving moral turpitude or criminal liability on our Company	Nil	
Proceedings involving material violations of statutory regulation by our Company	Nil	-
Matters involving economic offences where proceedings have been initiated against our Company	Nil	-
Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	-

For further details, see "*Outstanding Litigations and Defaults*" beginning on page 182.

Risk Factors

For details, see "*Risk Factors*" on page 18.

Contingent Liabilities

For details regarding our contingent liabilities in accordance with Ind AS 37 for Fiscal 2020, see "*Financial Statements*" on page 78.

Related Party Transactions

For details of our related party transactions as per Ind AS 24 for Fiscal 2020, see "*Financial Statements*" on page 78.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not made any issuances of Equity Shares in the last one year for consideration other than cash, as on the date of filing of this Letter of Offer.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. This section describes the risks that we currently believe may materially affect our business, financial condition and results of operations. You should carefully consider each of the following risk factors and all other information set forth in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Rights Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations and cash flows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cash flows could suffer, the trading price of, and the value of your investment in our equity shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved.

To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview", "Financial Information" beginning on pages 63, 61 and 78 respectively, as well as the financial, statistical and other information contained in this Letter of Offer. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. You should consult your tax, financial and legal advisors about the consequences to you of an investment in our Rights Equity Shares.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer.

Unless otherwise stated, references to "we", "us", "our" and similar terms are to KDDL Limited on consolidated basis and references to "the Company" are to KDDL Limited on a standalone basis.

Internal Risk Factors

1. ***The recent novel coronavirus ("COVID-19") outbreak has impacted our business, results of the operations and financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.***

The rapid and diffused spread of COVID-19 and global health concerns relating to this outbreak have had a severe negative impact on all businesses including retail sector and could continue to have an impact that may worsen for an unknown period of time. Currently, there is substantial medical uncertainty regarding COVID-19 and till any vaccine or cure is found, this pandemic may continue to cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe.

The impact of COVID-19 on the retail sector is at two levels. Firstly, in order to contain the spread of the infection, the national lockdown which was effected from March 25, 2020, has impacted our sales as our products do not constitute "essential products" and our principal channels of sale were not allowed to function as part of the lockdown imposed by the Government of India and relevant state governments and inflicting adverse impact on revenue and profitability. Such restrictions are being lifted in a staggered manner as the process of easing the lockdown is ongoing. However, the duration that we might take to normalise operations in our stores, manufacturing facilities as well as other parts of our supply chains is uncertain.

While our Company had to temporarily close our manufacturing operations from March 25, 2020 in accordance with the directives issued by Government of India, we resumed partial manufacturing operations in subsequent months. Secondly, the consumers may not choose to shop discretionary products as compared to essentials, owing to *inter alia*, economic slowdown and job cuts leading to less disposable income for discretionary spends. As a result, the pace of recovery and growth might be significantly slow. As a result of lock down, the volumes for the month of April 2020 and May 2020 were impacted and accordingly results of nine months period ended on December 31, 2020 were not comparable with previous quarter and corresponding nine months period ended of 2019. Further, revenue from operations was ₹ 37,063 lakhs and our operations resulted into loss of ₹(209.00) lakhs on a consolidated basis for nine months period ended December 31, 2020. The decrease in revenue from operations is primarily due to COVID-19 related market volatility during the current period. Accordingly, COVID-19 has resulted in fall in sales, and we continue to incur fixed cost (including the salary/ wage cost for our employees) and interest cost on debt.

Thirdly, during the lockdown our Company had to shutdown its operations at its manufacturing facitlities. Our manufacturing facilities which are subject to differing regulations to contain the spread of COVID-19. Such measures may vary in scope, duration and frequency and may adversely impact our ability to operate our manufacturing facilities seamlessly. In case any of our manufacturing facilities are required to stop operations, we may be required to service customers from other manufacturing facilities, forego business or hold higher inventory to mitigate such risks. The impact of any such shutdown of one of more our manufacturing facilities remain uncertain and could be severe. We are also required to maintain enhanced sanitization protocols across our manufacturing facilities which may increase our expenses and adversely impact efficiencies our team

Furthermore, in the event any member or members of our management or operations team contract COVID-19, it may potentially affect our operations. Our stores and other operations (including third-party vendors and supply chain management) are operating since the partial lifting of the lockdown with physical distancing, split-team, and work from home and quarantine measures. Further, on account of the staggered lifting of lockdown ordered by the Government of India, a number of our offices and employees have been working from home/ different locations utilising remote working technologies. As these are unforeseen circumstances, it may give rise to risks that we may not have anticipated.

The loss in sales due to COVID-19 has impacted our profitability and cash flows since we have a fixed cost structure that consists of rental, employee costs, overheads and other expenses. The same structure is being worked upon to induce variability to the extent possible to mitigate the risks linked to the fixed cost structure under current circumstances which might not result in desired consequences to an extent or at all. Our Company had proactively taken all necessary steps for controlling the overheads and creating necessary liquidity, both by reducing costs, deferring payments and partial utilsiation of government support for repayment deferral and additional borrowings. Further, we have made detailed assessment of our liquidity position for the balance period of the current year and the recoverability and carrying value of our assets comprising property, plant and equipment, intangible assets, right-of-use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, we expect to recover the carrying amount of these assets. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated by us. We will continue to closely monitor any material changes arising of future economic conditions and impact on our business. However, in future any of the foregoing effects could have a material adverse effect on our business, results of operations, cash flows and financial condition. The auditors report on our Audited Financial Statements and Unaudited Fiancial Results contain certain emphasis of matter relating potential impact of COVID-19 pandemic on the operations and financial statements of the Company. For further details, see "***Risk Factor - Statutory auditors of our Company have included certain qualifications and emphasis of matter in their audit reports of our Company***" on page 18.

2. ***Any adverse decisions in any of the legal and regulatory proceedings in which we are involved could adversely affect our reputation and financial condition.***

We are currently involved in certain legal proceedings in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We can give no assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, a change in Indian law or rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. Further, our Promoters are also involved in certain legal proceedings in India. For further details on the outstanding litigations pertaining to our Company, its Subsidiaries and our Promoters refer to chapter titled "*Outstanding Litigation and Defaults*" beginning on page 182.

3. ***Our revenues are highly dependent watch industry. Any slowdowns in the watch industry may adversely affect our business.***

The majority of our revenues are derived from retailing of watch and watch accessories and precision and watch components. We derived over 70 per cent of our aggregate consolidated revenue in the Fiscal 2020 and nine months period ended December 31, 2020 from retailing of watch and watch accessories and precision and watch components. Thus, we are highly dependent on watch industry for the consistent growth of our Company. For Fiscal 2020, we derived 72 per cent of our revenue from manufacturing of watch components, out of which more than 60 per cent were derived from Swiss market which is one of the largest market for watch industry. Any slowdown in the watch industry or any other factors adversely affecting the sale of watches may adversely affect our business.

4. ***Our subsidiary, Ethos Limited contributes to significant portion of our consolidated revenue from operations and any decline in revenue, profits or cash flow of our subsidiary could adversely affect our results of operations on consolidated basis.***

We derive significant portion of our consolidated revenue through our subsidiary, Ethos Limited. Our total revenue from operations on a consolidated basis for Fiscal ending March 31, 2020 and nine months period ended December 31, 2020 was ₹ 65,227.75 lakhs and ₹ 37,063.00 lakhs, respectively and total revenue from operations for Fiscal ending March 31, 2020 and nine months period ended December 31, 2020 on a standalone basis was ₹ 18,059.28 lakhs and ₹ 9,639.00 lakhs respectively. In the event our Subsidiary, Ethos Limited fails to generate sufficient revenue from operations, profit or cash flow, it could adversely affect our results of operations on consolidated basis.

5. ***Our inability to manage our growth could disrupt our business and have an adverse effect on our profitability.***

We have experienced reasonable growth in Fiscal 2018 to Fiscal 2020. Our revenue from operations increased at a CAGR of 13.86 per cent from Fiscal 2018 to Fiscal 2020. Our growth strategies are subject to various uncertainties and involve risks and difficulties, many of which are beyond our control and accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Further, it will put significant demands on our management and other resources. Further, on account of changes in market conditions, industry dynamics, changes in regulatory policies or any other relevant factors, our growth strategy and plans may undergo substantial changes and may even include limiting or foregoing growth opportunities if the situation so demands. Any inability on our part to manage our growth on account of sale of our products or implement our strategies effectively could have a material adverse effect on our business, results of operations, cash flows and financial condition.

6. ***We have an on line business model, in addition to the off line model, for sale of luxury international watches. In the event of failure of this business model, it may have a material adverse effect on our financial performance.***

The online retailing business is highly competitive with companies having a wide variety of products at different price points. To enhance customer experience, we also have a digital platform, www.ethoswatches.com. This platform provides information about various Swiss and other international brands of watches to our customers including watch finder facilities by gender, price and its features and provides facility of shopping online for some of the brands while encouraging customers to visit our stores. We may be unsuccessful in competing against present and future competitors. Our services pertaining to the online retailing division are technology driven and any breakdown in our technical systems could adversely affect our business. The process of carrying product that are well received by our consumers are important in our business. In the event of failure of this business model, it may have a material adverse effect on our business.

7. ***Our Company is exposed to foreign currency exchange risks, which we may not be able to manage effectively. Currency exchange rate fluctuations could adversely affect our financial results.***

Our exchange rate risk primarily arises from our foreign currency revenues, receivables, payables, etc. The exchange rate between the Indian Rupee, the USD and CHF has been volatile in recent years and may fluctuate in the future. The foreign exchange fluctuation affects the revenues in absolute terms when converted into Indian Rupees. To this extent, the revenues will be higher or lower depending on the depreciation or appreciation of Indian Rupee in foreign currency terms.

To manage our foreign exchange exposure, we may or may not enter into various derivative contracts. For details of the foreign currency exposures of our Company that are not hedged as of March 31, 2020, please refer to the chapter titled "*Financial Statements*" beginning on page 78. Our inability to manage foreign currency exchange rate fluctuations effectively could affect our financial results.

8. ***Our sales are highly dependent on the popularity of the brands we carry and the preference of the consumer. Any negative publicity or change in preference of the consumer or failure on the part of brand companies marketing strategies may impact our sales.***

Our sales are highly dependent on popularity of watch brands we carry at our stores or brands to whom we supply and hence, are subject to customer perception of those brands. The success of our operations depends in part on the brand companies marketing abilities, our own ability to select new models and/or brands that gain customer acceptance. Every region has their own preferences, shopping pattern and fashions which keep on changing. In particular, the performance of our stores is sensitive to spending patterns of consumer of those regions. There is no assurance that the watch brand will be able to maximise their marketing abilities and that the new models identified by us will be accepted among customer in various regions. Any non-acceptance of new model identified by us or failure on the part of brand companies in their marketing abilities may have an adverse impact on our sales which, in turn, may have negative impact on our business operation and performance. Further, in the event that we are unable to identify fashion trends and carry products that are well received by our customer, could have a material adverse effect on our business.

9. ***Our funding requirements and proposed deployment of the Net Proceeds are based on our internal management estimates and have not been appraised by any bank or financial institution or other external agency and may be subject to change based on various factors, some of which are beyond our control.***

We intend to use the Net Proceeds for the purposes described in "*Objects of the Issue*" beginning on page 45. Our funding requirements are based on internal management estimates and our current business plans and has not been appraised by any bank or financial institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, other financial condition or business strategies. We have relied on past expenditure in estimating utilisation of the Net Proceeds for our incremental working capital requirements. As a consequence of any increased costs, our actual deployment of funds may be higher than our management estimates and may cause additional burden on our finance plans, as a result of which, our business, financial condition, results of operations and cash flows could be materially and adversely impacted. The deployment of the Net Proceeds will be at the discretion of our Board. Furthermore, in the absence of independent appraisal, or the requirement for us to appoint a monitoring agency in terms of the SEBI ICDR Regulations, we may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control. We may have to revise our expenditure and funding requirements as a result of fluctuations in exchange rates, variations in costs, estimates, quotations or other external factors, which may not be within the control of our management.

Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of proceeds. If we are unable to deploy the proceeds of the Issue in a timely or an efficient manner, it may affect our business and results of operations.

Furthermore, we may need to vary the objects of the Issue due to several factors or circumstances including competitive and dynamic market conditions, variation in cost structures, changes in estimates due to delays, which may be beyond our control. Pursuant to Section 27 of the Companies Act, 2013, any variation in the objects of the Issue would require a special resolution of our shareholders, and our Promoter will be required to provide an exit opportunity to our shareholders who do not agree to such variation. If our shareholders exercise such an exit option, our share price may be adversely affected.

10. ***We operate in a competitive market and our failure to match such competition may adversely affect our business.***

The retail and manufacturing industry in which we operate is highly competitive and there exists competition from other domestic as well as international watch brands. We experience competition from other retailers of domestic and international brands of watch and manufacturers of watch components in the markets in which we currently operate. A number of different competitive factors could have a material adverse effect on our operational results, cash flow and financial condition including:

i. anticipating and responding to changing customers' demands;
ii. to satisfy and explain properly the specialties of each product;
iii. sourcing merchandise efficiently;
iv. to provide strong and effective marketing support;

v. to provide post sell services in relation to the product bought by the customer;
vi. to maintain our reputation in the markets in which we operates;
vii. to increase our presence at different platform including e – retailing; and
viii. to maintain the relationship with customers' and our brand partners.

Some of our competitors may have more financial and human resources, better access to attractive retail store locations or closer relationships with brand partners. Competition may lead to, among other things, higher costs for retail space and lower sales per retail store, all of which could have a material adverse impact on our results of operations, cash flows and financial condition and lower our profit margins.

11. ***We may not be able to successfully implement and effectively manage our strategies which could have a material adverse effect on our results of operations, cash flows and financial conditions.***

Implementation of our strategies is subject to and involves risks and difficulties which may be beyond our control and accordingly, there can be no assurance that we will be able to implement them in timely manner or at all. Any inability on our part to manage or implement our strategy effectively could have an adverse effect on our results of operations, cash flows and financial conditions. Further, we operate in competitive industry and on account of changes in market conditions, industry dynamics, technological improvements and any other relevant factors, our strategies may undergo substantial changes or modifications including limiting or foregoing growth opportunities, if any.

12. ***Our failure to maintain and expand our brand portfolio in our business, will impact our business and our financial condition which may adversely affect our growth.***

We constantly seek to expand our brand portfolio in our business by associating with other watch brands. However, our ability to establish new arrangement with other watch brand is dependent upon a number of factors, including whether there will be suitable watch brands seeking to sell their products in our existing markets, whether our manufacturing infrastructure and our corporate culture would be a good match with these brand companies, whether our competitors would be able to offer terms more favourable than ours to these brand companies and whether these brand companies perceive that we have a conflict of interest with our existing brand portfolio. We can provide no assurance that we will be able to enter into agreements with new watch brands. Our inability to maintain the current portfolio and associate with new watch brand may have adverse effect on our growth.

13. ***Our Company has given corporate guarantees/undertakings on behalf of our Subsidiary Ethos Limited, which if claimed on or acted upon may affect our business and results of operations.***

As of December 31, 2020, our Company provided corporate guarantee aggregating to ₹ 6,136.00 lakhs on behalf of our Subsidiary, Ethos Limited against the credit facilities availed by Ethos Limited from various financial institutions. In the event that the parties whose obligations our Company has guaranteed do not perform their obligations under any of the guarantees, the lenders for such facilities may require alternate guarantees or the acceleration or repayment of the amounts guaranteed. Our Company may not be successful in procuring alternate guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such guarantees, which could adversely affect its business, cash flows, results of operations and financial condition.

14. ***Some of our subsidiaries have incurred losses in past.***

Our Subsidiaries, Estima S.A, Satva Jewellery and Design Limited has reported losses in the Fiscal 2020. Further, 100% subsidiary, Satva Jewellery and Design Limited is not operational as on date of this Letter of Offer and currently, it is under the process of legal merger with our Company. Presently the assets of Satva Jewellery and Design Limited are obtained on lease by our Company and business operations are directly handled by our Company. We cannot assure that in future the business of these subsidiaries and associate will be in line with those estimated. Further our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business.

15. ***In the event our contingent liabilities materializes, our liquidity, business, prospects, financial condition and results of operations may be adversely affected.***

We have contingent liabilities as of March 31, 2020 in accordance with Ind AS 37, for details of our contingent liabilities as disclosed in the Audited Financial Statements, see "*Financial Statements*" on page 78. We cannot assure that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future. In the event, or to the extent, that any of our contingent liabilities is realised, it could have an adverse effect on our business, financial condition, cash flows and results of operations.

16. ***We may face risk on account of change of foreign trade policy applicable to the industry we operate. Any adverse changes in any of the incentive/taxes levied by the central government may affect our business and financial condition.***

Majority of our watch component revenue is on account of exports. India foreign trade policy promotes export through various incentives scheme and any changes in the scheme of the Government of India may impact the results and operation of our Company. For example, the Government of India had introduced a new five year Foreign Trade Policy for the period between April 1, 2015 to March 31, 2020 (validity extended by an additional one year till March 31, 2021 due to the COVID-19 pandemic) and export incentives covered under Merchandise Exports from India Scheme for export of specified goods. There can be no assurance that the current levels of taxes, duties, incentives and benefits will not change in the future, each of which may impact our operating costs and income.

17. ***Our Company has in the past entered into related party transactions and will continue to do so in the future. Such transactions or any future transactions with related parties may potentially involve conflict of interest and impose certain liabilities on our Company.***

For the Fiscal 2020, our Company has entered into certain related party transactions with our Subsidiaries, Promoters, Directors and Promoter Group. While our Company believe that all such transactions have been conducted on an arm's length basis and are accounted as per Ind AS 24, however there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. For details of the related party transactions, please refer to the section titled '*Financial Statements*' beginning on page 78.

18. ***We are dependent on maintaining and enhancing awareness of our Ethos brand and we may not succeed in that to the extent desired.***

We believe that maintaining and enhancing our own brands, namely 'Ethos' and 'Ethos Summit' are key to expanding our customer base. In Ethos, we offer a large and diverse range of luxury watches at various price points across mid-level and premium styles and in Ethos Summit, we offer exclusive high end luxury watch brands. Maintaining and enhancing our brand may require us to make substantial investments in areas such as store operations and maintenance, marketing and advertisement of our brand, employee training. We anticipate that, as our business expands, maintaining and enhancing our brand may become increasingly difficult and expensive. We cannot assure that these expenses on maintaining and enhancing awareness of our Ethos brands will be successful. If we are unable to maintain and enhance awareness of our Ethos brands, would have an adverse effect on our business.

19. ***The success of our business depends on our ability to attract and retain customers and maintain consistency in customer service.***

Our Company's ability to offer contemporary products to our customers and maintain our standards of customer service in our stores is critical to attract and retain customers. We undertake regular advertising and marketing activities to create visibility, stimulate demand and promote our stores, through various mediums of mass communication. Our ability to attract customers and provide high standards of customer service further depends on our ability to attract and hire the right personnel and also train the personnel in the implementation of our business processes. We cannot assure you that we will be able to recruit and retain the right personnel or our advertising and marketing campaign will be successful in meeting its objectives and provide returns commensurate to the investments made. Any failure to attract new customers or expand our customer base, may materially affect our growth and financial performance.

20. ***Our growth requires additional capital, which may not be available in timely manner and/or on terms acceptable to us which may have an adverse impact on our operations.***

Our business is capital intensive and requires significant expenditures for sourcing of merchandise and products, maintaining our stores, increasing the inventory, advertising of our brand and on manpower. We intend to pursue our growth strategy which will require investment in inventory, advertisement, etc, which may require to obtain additional financing. We may not be successful in obtaining additional funds in a timely manner and/or on favourable terms or at all. If we do not have access to additional capital in timely manner and/or on terms acceptable to us, our result of operation may be adversely affected.

21. We may not be able to adequately protect our intellectual property.

Our Company has other 11 trademarks which are registered in the name of our Company. Our Company has also applied for registration of certain patents. Further, we have not applied for registration of our corporate logos ' ' and KDDL Limited with the trademark registry. Consequently, we do not enjoy any statutory protection under the Trade Marks Act, 1999 for such trademark. Our applications may or may not be allowed by the registry and our competitors could challenge the validity or scope of the applications. If we fail to obtained approval from the registry, we may be required to change or rebrand our logos. Any such change could affect our branding and may have an adverse effect on our business, results of operations, cash flows and financial condition, and our reputation and consequently this will adversely affect our financial conditions, results of operations and cash flows. There can be no assurance that we will be able to secure the intellectual property rights of trademarks that we use. We may be unable to prevent third parties for infringing or wrongly using our trademarks, logo, patents thereby causing damage to our business prospects, reputation and goodwill.

22. If we fail to keep pace with technical and technological developments in the industry we operate, it could adversely affect our business and results of operations.

To meet the needs of our business operations, we must regularly update existing technology and acquire or develop new technology for our products and services. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures and/or write-downs of assets. Our future success will depend in part on our ability to respond to technological advances and emerging unduly standards and practices on a cost-effective and timely basis. Our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and results of operations. Further, the cost of implementing new technologies could be significant and could adversely affect our financial condition and results of operations.

Presently our Company uses SAP platform for connecting our major manufacturing units. Whereas, our Material Subsidiary has enterprise resource planning software which integrates and collates data of purchase, sales, reporting, accounting, stocks, etc. from all our stores in various cities. We utilise its information technology systems to monitor all aspects of its businesses and relies to a significant extent on such systems for the efficient operation of its business, including, the monitoring of inventory levels, the allocation of products to our stores and budget planning. We cannot assure that we will be successful in developing, installing, running and migrating to new software systems or systems as required for its overall operations.

23. Statutory auditors of our Company have included certain qualifications and emphasis of matter in their audit reports of our Company.

The auditors report on our Audited Financial Statements and Unaudited Financial Results contain certain emphasis of matter relating potential impact of COVID-19 pandemic on the operations and financial statements of the Company. There is no assurance that our auditors' reports for any future fiscal periods will not contain qualifications or emphasis of matters or that such emphasis of matters will not require any adjustment in our financial statements for such future periods or otherwise affect our results of operations, cash flows and financial condition in such future fiscal periods.

For further information please refer to the chapter titled "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 78 and 156. Accordingly, investors should read our Audited Financial Statements mentioned in chapter titled "*Financial Statements*" on page 78, in the context of such auditor qualifications/ observations and other matters of emphasis highlighted by our statutory auditors with respect to our historical financial information.

24. Any downgrading of our Company's debt ratings could adversely affect our ability to borrow on competitive basis.

As at December 31, 2020, our Company had total borrowings of ₹ 15,864.44 lakhs, which includes short term borrowings, current maturities of long term borrowings and its interest accured but not due of ₹ 8,610.68 lakhs, long term borrowings and its interest accrued but not due of ₹ 7,253.76 lakhs. Our Company's long-term debt is currently rated by ICRA Limited as '[ICRA] BBB+ (Stable)' which is considered to have moderate degree of safety regarding timely servicing of financial obligations. Further, our Company's short-term debt is currently rated by ICRA Limited as '[ICRA] A2' which is considered to have strong degree of safety regarding timely payment of financial obligations. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.

There is no certainty that in the future, our Company's ratings would not be downgraded and any downgrading in its credit ratings may increase interest rates for refinancing its outstanding debt, which would increase our Company's financing costs, and adversely affect its future issuances of debt and ability to raise new capital on a competitive basis, which may adversely affect our Company's profitability and future growth.

25. Our loan agreements have certain restrictive covenants. Such restrictive covenants may restrict our ability to undertake certain corporate actions or otherwise.

We have entered into various financing arrangements with various banks that contain provisions which restrict our ability to do, among other things, the following:

- Raising additional debt;
- Effecting any change to our capital structure or management;
- Formulating any scheme of amalgamation or reconstruction;
- Undertaking expansion or fresh projects or acquiring fixed asset;
- Give any corporate/financial guarantee;
- Declaring dividends except out of profit; and
- Disposing off shareholding of promoters.

We must obtain the consent or send an intimation of these proposals to our lenders prior to undertaking the abovementioned corporate actions. There can be no assurance that we will obtain relevant consents, on time or at all, and this may restrict/ delay some of the actions / initiatives necessary to operate and grow our business and also impact us financially.

In the past, we have been able to proceed with transactions that, although discussed with our lenders, could arguably have given rise to technical, though not substantive, breaches of certain covenants under our financing arrangements including maintenance of certain financial ratios. However, should our lenders enforce their rights against us in this matter, our business, results of operations, cash flows and financial condition could be adversely impacted.

26. Some of our financing agreements require the prior consent of our lenders for undertaking any further issue of the Equity Shares, including for the Issue, and we have not received consents for the Issue from such lenders.

As at December 31, 2020, our Company had total borrowings of ₹ 15,864.44 lakhs, which includes short term borrowings, current maturities of long term borrowings and its interest accrued but not due of ₹ 8,610.68 lakhs, long term borrowings and its interest accrued but not due of ₹ 7,253.76 lakhs (including current maturities of long term borrowings of ₹ 3,464.42 lakhs disclosed under other current liabilities note). Under some of our financing documents, we require prior approval from the relevant lenders to issue the Right Equity Shares. Pursuant to this Issue, we have applied our lenders for issuance of "No Objection" certificates to undertake this Issue, however we have not received "No Objection" certificates from our lenders till date of this Letter of Offer. Non receipt of such "No Objection" certificate could lead to non-compliance of the terms of loan agreements entered into by our Company with said lenders.

27. We require certain registrations and permits from government and regulatory authorities in the ordinary course of business and the failure to obtain them in a timely manner or at all may adversely affect our operations. If we fail to obtain or renew any applicable approvals, licenses, registrations and permits in a timely manner, our ability to undertake our businesses may be adversely impacted, which could adversely affect our operations.

We require a number of approvals, licenses, registrations and permits for operating our businesses and operations. Moreover, we may need to apply for additional approvals in the future. Further, we may need to renew some of the approvals, which may expire, from time to time, in the ordinary course. There can be no assurance that the approvals, licenses, registrations and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any term or condition thereof, or pursuant to any regulatory action. While our Company has endeavoured to obtain or apply for all applicable governmental, statutory and regulatory permits, licenses and approvals, including renewals thereof, to operate its business, certain governmental or statutory approvals and/or licenses may have expired or applications for the same (or renewals thereof) are still pending before the concerned authorities. We cannot assure that we would be granted such licenses in a timely manner. Further, if we fail to obtain or renew any applicable approvals, licenses, registrations and permits in a timely manner, our ability to undertake our businesses may be adversely impacted, which could adversely affect our results of operations and cash flows. Furthermore, government approvals and licenses may be subject to numerous conditions, some of which could be onerous.

28. ***Majority of the premises from which we operate or are used by us for the purposes of our operations are situated at lease hold premises. Any termination of the relevant lease or leave and license agreements in connection with such properties or our failure to renew the same could adversely affect our operations.***

Premises used by our Company at Dials Unit – I, Precision Engeering Unit and Packaging Unit are taken on a long – term leasehold basis from Himachal Pradesh Housing Board. The premises used for our Corporate Office, Assembly Unit are taken on the basis of short term lease agreements from third parties. Our retail stores are taken by us on lease or sub-lease or leave and licence from third parties. Our ability to renew existing agreements in respect of our leased premises, upon their expiry is crucial to our operations and profitability. Further, some these lease or leave and licence agreements are not registered. Any adverse impact on the title/ownership rights of the licensor, from whose premises we operate our retail stores, may impede our operations. There can be no assurance that these agreements will be renewed upon expiry or on terms and conditions acceptable to us. Any or all of these factors may have a material adverse effect upon our operations.

29. ***Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, and this may have a material adverse effect on our business.***

We maintain insurance for a variety of risks, including risks relating to our buildings, plant and machinery, stocks, goods-in-transit, products, group personal accident policy, publicity liability non industrial risk, plate glass insurance, burglary, floater policy, money insurance etc. While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses. Furthermore, there can be no assurance that we will be able to maintain adequate insurance coverage in the future at acceptable costs. To the extent that we suffer loss or damage for which we do not obtain or maintain insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

In addition, not all of the risks associated with our business may be insurable, on commercially reasonable terms or at all. Although we believe that we have obtained insurance coverage customary to our business, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. To the extent that we suffer damage or losses which is not covered by insurance, or exceeds our insurance coverage, the loss would have to be borne by us. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future.

30. ***The loss, shutdown or slowdown of operations at any of our facilities, or the failure of information technology systems, could have a material adverse effect on our results of operations, cash flows and financial condition.***

Our facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect our operations by causing production at one or more facilities to shut down or slow down. No assurance can be given that one or more of the factors mentioned above will not occur, and this could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our information technology systems are a critical part of our business and help us manage key business processes such as product design and development, customer and dealer relationship management and transaction processing, together with our management information system. Any delays in implementing critical upgrades to our information management systems or technical failure associated with our information technology systems, including those caused by power failure and fluctuation, computer viruses or unauthorized tampering of our information technology systems, may adversely impact our ability to manufacture our products and manage our customers. In addition, we may be subject to claims as a result of any theft or misuse of information of customers stored on our systems, all of which could adversely affect our results of operations, cash flows and financial condition.

31. ***Stringent environmental, health and safety laws and regulations or stringent enforcement of existing environmental, health and safety laws and regulations may result in increased liabilities and increased capital expenditures.***

Our operations are subject to environmental, health and safety and other regulatory and/or statutory requirements in the jurisdictions in which we operate. We are required to comply with central, state and local environmental laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of waste material, the emission and discharge of waste materials into soil, air or water, and health and safety of employees. We are also required to obtain and comply with environmental permits for certain of our operations. There can be no assurance that we will at all times be in complete compliance with such laws, regulations and permits.

32. ***Success of our business is substantially dependent on our Whole Time Director's and our senior managerial personal. Our inability to retain them could adversely affect our business and operations.***

Our Whole Time Directors and senior managerial personnel possess the requisite knowledge for the industry in which we operates to deliver efficiently. Our future performance will depend upon the continued services of these persons. We may not be able to retain such persons or find suitable replacement in a timely and cost efficient manner. Further, our key personnel may leave us and subsequently may join our competitors. Though, we engage our key personnel on the basis of offer letters which provide for restrictions such as confidentiality and non-compete, our Company cannot ensure that we would be able to enforce such restrictions at all. The loss of one or more members of our key employees may adversely affect our business. Our inability to attract and retain senior managerial personnel may affect our operations.

33. ***Our employees are members of unions and we may be subject to industrial unrest, slowdown or increased manpower costs, which may adversely affect our results of operations and cash flows.***

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution, employee removal and legislation that imposes certain financial obligations on employers upon retrenchment.

Due to the existence of labour union, it may be difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of management's attention to union intervention.

The long term settlement agreements executed by our Company with trade union in relation to our Company's various manufacturing facilities may expire in the future and this may have an adverse effect on our Company's financial condition (for e.g. some of the wage agreements require the employees to comply with certain productivity levels). We may in the future be subject to labour unrest, which may delay or disrupt our operations in the affected regions, including the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If work stoppages or lock-outs at our facilities or at the facilities of our major suppliers occur or continue for a long period of time, our business, results of operations and cash flows condition may be adversely affected.

34. ***We engage contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations.***

We appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations in India. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements or other such difficulties in managing contract labour may have an adverse impact on our results of operations.

35. ***Our Promoter and Promoter Group, as at December 31, 2020, holds 45.36% of our equity and may be in a position to influence the result of shareholders' voting.***

As of December 31, 2020, 45.36% of the issued and outstanding Equity Shares of our Company are owned by the Promoters and Promoter Group. Consequently the Promoters and Promoter Group are likely to have the ability to exercise significant control over most matters requiring approval by shareholders, including the election and removal of directors and significant corporate transactions. Our Promoter and Promoter Group will be able to influence our major policy decisions. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in our best interests. The interests of our controlling shareholders could conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the controlling shareholders could make decisions that adversely affect your investment in the Equity Shares.

36. ***Our Promoters have pledged a portion of the Equity Shares in favor of lenders who may exercise their rights under the pledge agreements upon the occurrence of events of default.***

As of December 31, 2020, 3.09% of our total share capital amounting to 3,60,000 Equity Shares, held by our Promoter is pledged with financial institutions in connection with loans availed. In the event that the Promoters are unable to repay the loans in a timely manner or in the event of a default under the terms of such loan agreements, the financial institutions may exercise the pledge and take control of the Equity Shares, which will result in a dilution of our Promoters and Promoter Groups' shareholding in our Company. A sale of Equity Shares by such financial institutions in the open market may also result in the Promoter Group losing control of our Company, affect the price of our Equity Shares and a breach of certain covenants under our financing arrangements.

37. ***Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.***

Our Company has paid inclusive of all corporate dividend tax ₹ 280.90 lakhs for the Fiscal 2020 as dividend to our shareholders. Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements and capital expenditure. We are required to obtain consents from our lenders prior to the declaration of dividend as per the terms of the agreements executed with them. In the past, we have written to our lenders requesting for their consent to declare dividend but have not received any response thereof. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations.

38. ***Our Promoter, Yashovardhan Saboo has issued personal guarantees to the lenders of our Company which could be invoked.***

Our Promoter, Yashovardhan Saboo has provided personal guarantees to the lenders of our Company for securing the working capital borrowings and term loans. Presently, the balance amount of term loans in respect of which personal guarantees have been given stands at ₹ 5,552.89 lakhs. If any of these guarantees are revoked, our Company's lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If our Company is unable to procure alternative guarantees satisfactory to the lenders, our Company may need to seek alternative sources of capital, which may not be available to them at commercially reasonable terms or at or to agree to more onerous terms under our financing agreements, which may limit our operational flexibility. Further, if such guarantees are invoked, it could adversely affect our Promoters' ability to manage the affairs of our Company and this in turn could adversely affect our business, prospects, financial condition and results of operations and cash flows.

External Risk Factors

39. ***Terrorist attacks, civil disturbances, wars, regional and communal conflicts, natural disasters, fuel shortages, epidemics and labour strikes in India and elsewhere in Asia may have a material adverse effect on our Company's business and on the market for securities in India.***

India has experienced civil and social unrest, terrorist attacks such as the attacks in November 2008 and July 2011 in the city of Mumbai, and other acts of violence. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, future financial performance, cash flows and the market price of our Equity Shares. Southern Asia has also, from time to time, experienced instances of civil unrest, political tensions and hostilities among neighbouring countries. Additionally, any of these events could lower confidence in India's economy and create a perception that investments in companies with Indian operations involve a high degree of risk, which could have a material adverse effect on the price of the Equity Shares. Any discontinuation of business or loss of profits due to such extraneous factors may affect our operations. Further, our operations are dependent on our ability to protect our facilities and infrastructure from fire, explosions, floods, typhoons, earthquakes, power failures and other similar events. India has experienced natural disasters such as earthquakes, a tsunami, floods and droughts in the past few years.

40. Compliance with fresh and changing corporate governance and public disclosure requirements may add compliance requirements.

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, SEBI regulations and Indian stock market listing regulations have increased the complexity of our compliance obligations. These new or changed laws, regulations and standards may be subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. On – going revisions to such governance standards could result in continuing uncertainty regarding compliance matters and higher costs of compliance. Our efforts to comply with evolving laws, regulations and standards in this regard may result in increased general and administrative expenses and cause a diversion of management resources and time. If we fail to comply with new or changed laws, regulations or standards, our reputation and business may be harmed.

41. Our business is dependent on economic growth in India.

Our performance is dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, and volatility in exchange currency rates, and annual rainfall which affects agricultural production. As COVID-19 was spreading to over 200 economies across the world, the release of provisional estimates (PE) of national income by the National Statistical Office (NSO) at the end of the month revealed that the growth of India's real gross domestic product (GDP) had slumped to 4.2 per cent in 2019-20 (6.1 per cent a year ago), the lowest since 2009-10 *(Source: Economic review – Annual Report, August 25, 2020)*. Any future slowdown in the Indian economy could harm our business, results of operations and financial condition.

42. Statistical and industry data in this Letter of Offer may be incomplete or unreliable

Statistical and industry data used throughout this Letter of Offer has been obtained from various government and industry publications. We believe the information contained herein has been obtained from sources that are reliable, but we have not independently verified it and the accuracy and completeness of this information is not guaranteed and its reliability cannot be assured. The market and industry data used from these sources may have been reclassified by us for purposes of presentation. In addition, market and industry data relating to India, its economy or its industries may be produced on different bases from those used in other countries. As a result data from other market sources may not be comparable. The extent to which the market and industry data presented in this Letter of Offer is meaningful will depend upon the reader's familiarity with and understanding of the methodologies used in compiling such data.

Further, this market and industry data has not been prepared or independently verified by us or the Lead Manager or any of their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. Accordingly, investment decisions should not be based on such information.

43. Our business and activities are regulated by the Competition Act, 2002.

The Competition Act, 2002, as amended (the "Competition Act") seeks to prevent practices that could have an appreciable adverse effect on competition. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may attract substantial penalties. Any agreement among competitors, or practice or decision in relation to, enterprises or persons engaged in identical or similar trade of goods or provision of services which directly or indirectly determines purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares markets or source of production or provision of services by way of allocation of geographical area, types of goods or services or number of customers in the relevant market or directly or indirectly results in bod rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits the abuse of a dominant position by any enterprise. Provisions of the Competition Act relating to acquisitions, mergers or amalgamations of enterprises that meet certain asset or turnover thresholds and regulations issued by the Competition Commission of India with respect to notification requirements for such combinations became effective in June 2011. Further our acquisitions, mergers or amalgamations may require the prior approval of the Competition Commission of India, which may not be obtained in a timely manner or at all.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, any enforcement proceedings initiated by the Competition Commission of India, any other relevant authority under the Competition Act, any claim by any party under the Competition Act or any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission of India, our business and financial performance may be materially and adversely affected. Further the Competition Commission of India has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage.

44. ***Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against our Company, its directors or executive officers.***

All of our directors and key managerial personnel are residents of India and all or substantial portion of our assets are located in India. As a result, it may be difficult for investors outside India to effect service of process upon us, our directors, executive officers or such experts in countries outside India, including the United States, or enforce, in Indian courts, judgments obtained in foreign courts, against us or such persons or entities. See "*Enforcement of Civil Liabilities*" beginning on page 12.

45. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, which include regulations applicable to our Board of Directors, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as our shareholders than as shareholders of a corporation in another jurisdiction.

46. ***Conditions in Indian stock exchange may affect the price or liquidity of the Equity Shares.***

The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of their listed securities. The Indian stock exchanges have experienced problems that, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. Problems in the past included temporary exchange closures to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on the trading of certain securities and limitations on price movements and margin requirements. Furthermore, disputes have occurred from time to time between listed companies, stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

47. ***There may be less company information available in Indian securities markets than in securities markets in certain other countries.***

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in markets in the United Kingdom, the United States and certain other economies. The SEBI is responsible for monitoring, ensuring and improving disclosure and other regulatory standards for the Indian securities markets and has issued regulations and guidelines on disclosure requirements, insider trading and other matters. Investors may, however, have access to less information about our business, results of operations and financial conditions, on an on-going basis, than investors would have in the case of companies subject to reporting requirements of certain other countries.

48. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, such as application of GST, may adversely affect our business results of operations, cash flows and financial performance.***

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. For instance, as of July 1, 2017, GST in India replaced taxes levied by central and state governments with a unified tax regime in respect of the supply of goods and services in India. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

49. ***Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind AS contained in this Letter of Offer .***

Ind AS differs from other accounting principles with which prospective investors may be familiar, such as IFRS and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

50. ***There is no guarantee that the Rights Equity Shares issued pursuant to this Issue will be listed on the Stock Exchange in a timely manner.***

In accordance with Indian law and regulations and the requirements of the Stock Exchange, in principle and final approvals for listing and trading of the Rights Equity Shares issued pursuant to this Issue will not be applied for or granted until after the Rights Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Rights Equity Shares to be submitted. Accordingly, there could be a failure or delay in listing the Rights Equity Shares on the Stock Exchange. If there is a delay in obtaining such approvals, we may not be able to credit the Rights Equity Shares allotted to the investors to their depository participant accounts or assure ownership of such Rights Equity Shares by the investors in any manner promptly after the Closing Date. In any such event, the ownership of the investors over Equity Shares allotted to them and their ability to dispose of any such Equity Shares may be restricted. For further information on issue procedure, see "*Terms of Issue*" beginning on page 194.

51. ***A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors / shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, if a potential takeover of our Company would result in the purchase of the Rights Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of SEBI Takeover Regulations.

52. Applicants to the Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

53. We will not distribute the Letter of Offer, Abridged Letter of Offer and Application Form to overseas Shareholders who have not provided an address in India for service of documents.

We will dispatch the Issue Material to shareholders who have provided an address in India or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions, for service of documents. The Issue Material will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e -mail. Presently, there is lack of clarity under the Companies Act and the rules made thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Material, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

54. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholder") may lapse in case they fail to furnish the details of their demat account to the Registrar.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 6, 2020, read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see "*Terms of the Issue*" on page 194. In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) demat suspense escrow account (namely, 'KDDL Limited Rights Entitlement Suspense Demat Account') opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

55. Any future issuance of the Equity Shares or convertible securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, that may adversely affect the trading price of the Equity Shares and our ability to raise further capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

56. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of the Equity Shares are generally taxable in India. Any gain realized on the sale of the Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction (subject to section 112A of the Income Tax Act, 1961). The securities transaction tax will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold. Any gain realized on the sale of the Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of the Equity Shares held for a period of12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1,2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset(introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long term capital gains at the rate of 10%, where the long term capital gains exceed ₹ 100,000, subject to certain exceptions in case of a resident individuals and HUF. Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non delivery basis is specified at 0.003% of the consideration amount. These amendments have been notified on December 10, 2019 and have come into effect from July 1, 2020.

57. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

58. There is no guarantee that our Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

59. ***The Issue Price of the Rights Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.***

The Issue Price of the Rights Equity Shares will be determined by our Company in consultation with the Lead Manager and the Designated Stock Exchange. This price may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

60. ***Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation (the last day for which is [●]), such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

61. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

62. ***Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our results of operations.***

The Rights Equity Shares will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend received by investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies (such as the U.S. dollar and the Singapore dollar) has changed substantially in the past and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our results of operations.

63. ***There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.***

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

64. The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, a separate web based application platform, i.e., the R-WAP facility (accessible at https://rights.kfintech.com), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see "*Terms of the Issue – Procedure for Application through the R-WAP*" on page 206. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users' data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the RWAP facility.

65. Your ability to acquire and sell the Rights Entitlements and the Rights Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Letter of Offer.

No actions have been taken to permit a public offering of the Rights Entitlements and the Rights Equity Shares offered in the Issue in any jurisdiction except India. As such, our Rights Entitlements and the Rights Equity Shares have not and will not be registered under the Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, your ability to acquire Rights Entitlements and the Rights Equity Shares is restricted by the distribution and solicitation restrictions set forth in this Letter of Offer. For further information, see "*Notice to Investors*" and "*Other Regulatory and Statutory Disclosures – Selling Restrictions*" on pages 9 and 185, respectively. Our representatives, our agents and us will not be obligated to recognise any acquisition, transfer or resale of the Rights Entitlements or the Rights Equity Shares made other than in compliance with applicable law.

66. Overseas shareholders may not be able to participate in the Company's future rights offerings or certain other equity issues.

If our Company offers or causes to be offered to holders of its Rights Equity Shares rights to subscribe for additional Rights Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Rights Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Rights Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the Securities Act is required in order for our Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

67. The Rights Entitlements and the Rights Equity Shares cannot be freely resold in the United States.

The offering and acquisition of the Rights Entitlements and the Rights Equity Shares in the United States by persons who are U.S. QIBs, is being made pursuant to the private placement exemption set out in Section 4(a)(2) of the Securities Act and other exemptions from the registration requirements of the Securities Act. None of the Rights Entitlements or Rights Equity Shares has been, or will be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors who are U.S. QIBs, and who are acquiring the Rights Entitlements and/or Rights Equity Shares in this Issue pursuant to an exemption from the registration requirements of the Securities Act, should note that the Rights Entitlements and the Rights Equity Shares may not be freely resold or transferred in the United States. The Rights Entitlements and Rights Equity Shares may not be resold, renounced, pledged, or otherwise transferred or delivered except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

68. U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in our Equity Shares.

A foreign corporation will be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of its gross assets during the taxable year (based on the average of the fair market values of the assets determined at the end of each quarterly period) are "passive assets," which generally means that they produce passive income or are held for the production of passive income.

We cannot assure you that our Company will or will not be considered a PFIC in the current or future years. The determination whether or not our Company is a PFIC is a factual determination that is made annually based on the types of income we earn and the value of our assets. Assuming our Company is considered a PFIC, U.S. holders of the Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the U.S. Internal Revenue Code of 1986, as amended.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on November 11, 2020, pursuant to Section 62(1)(a) of the Companies Act, 2013.

The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in "*Terms of the Issue*" on page 194.

Equity Shares proposed to be issued	Up to [●] Equity Shares
Rights Entitlements	[●] Rights Equity Shares for every [●] Equity Shares held on the Record Date.
Record Date	[●]
Face value per Equity Share	₹ 10
Issue Price per Rights Equity Share	₹ [●]
Issue Size	Up to ₹ 2,500.00 lakhs
Equity Shares issued, subscribed and paid-up prior to the Issue	1,16,50,108 Equity Shares of ₹10 each
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	[●] Equity Shares of ₹ 10 each
Security Codes	**ISIN: INE291D01011** **BSE: 532054** **NSE: KDDL** **ISIN for Rights Entitlement:** [●]
Use of Issue Proceeds	For details, see "*Objects of the Issue*" on page 45.
Terms of the Issue	For details, see "*Terms of the Issue*" on page 194.
Terms of Payment	The full amount of the Issue Price being ₹ [●] will be payable on application.

GENERAL INFORMATION

Our Company was originally incorporated as '*Kamla Dials and Devices Limited*' as a public limited company under the Companies Act, 1956 pursuant to certificate of incorporation dated January 8, 1981, issued by the Registrar of Companies, Delhi and Haryana. Our Company received its certificate of commencement of business on February 6, 1981, issued by the Registrar of Companies, Delhi and Haryana. Subsequently, the name of our Company was changed to its present name '*KDDL Limited*' pursuant to a fresh certificate of incorporation dated September 14, 2007 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.

Registered Office, Corporate Identity Number and Registration Number

KDDL Limited
Plot No. 3, Sector III,
Parwanoo – 173 220,
Himachal Pradesh, India

Corporate Office of our Company

Kamla Centre, SCO 88-89,
Sector – 8C, Chandigarh – 160 009.
India.

Corporate Identity Number: L33302HP1981PLC008123
Registration Number: 008123

Address of the RoC

Our Company is registered with the Registrar of Companies, at Punjab and Himachal Pradesh, which is situated at the following address:

Registrar of Companies
1st Floor, Corporate Bhawan, Plot No.4-B,
Sector 27-B, Chandigarh - 160019

Company Secretary and Compliance Officer

Brahm Prakash Kumar
Kamla Centre, SCO 88-89,
Sector 8-C, Chandigarh-160 009
Telephone: +91172 2548223
E-mail: investor.complaints@kddl.com

Lead Manager to the Issue

ITI Capital Limited
Naman Midtown, 'A' Wing,
20th Floor, Senapati Bapat Marg,
Elphinstone (West), Mumbai – 400 013,
Maharashtra, India.
Tel: +91 22 4031 3371 / 4031 3465
Email: kddlright@iticapital.in
Investor Grievance Email: investorgrievance@iticapital.com
Website: www.iticapital.in
Contact Person: Pallavi Shinde/ Mihir Pandhi
SEBI Registration Number: INM000010924

Statement of responsibilities

Since ITI Capital Limited is the sole Lead Manager to the Issue, there is no requirement of interse allocation of responsibilities.

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.
4th Floor, State Bank Building
N.G.N Vaidya Marg, Fort
Mumbai – 400 023
Maharashtra, India
Telephone: +91 22 2266 3353
E-mail: sanjay.asher@crawfordbayley.com

Special US Counsel to the Lead Manager

Squire Patton Boggs (MEA) LLP
Dubai International Financial Centre (DIFC)
Burj Daman Office Tower, Level 10
P.O. Box 111 713, Dubai
United Arab Emirates
Tel: (+971) 4447 8700

Registrar to the Issue

KFin Technologies Private Limited
Selenium Tower B, Plot 31 and 32, Financial District,
Nanakramguda, Serilingampally, Hyderabad, Rangareddi - 500 032,
Telangana, India
Telephone: +9140 6716 2222
Email: kddl.rights@kfintech.com
Investor Grievance Email: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M. Murali Krishna
SEBI Registration Number: INR000000221

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see "*Terms of the Issue*" on page 194.

Expert

Our Company has not included any name in this Letter of Offer as an "expert" as defined under Section 2(38) of the Companies Act, 2013.

Banker(s) to the Issue

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights Entitlements#	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.
**Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●], 2021 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●], 2021. Further, in accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b)the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. For details, see "*Terms of the Issue*" on page 194.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see "*Terms of the Issue*" beginning on page 194.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.kfintech.com after keying in their respective details along with other security control measures implemented there at. For further details, see "*Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 194.

Credit Rating

As the proposed Issue is of Rights Equity Shares, the appointment of a credit rating agency is not required.

Debenture Trustee

As the proposed Issue is of Rights Equity Shares, the appointment of debenture trustee is not required.

Monitoring Agency

Since the Issue size does not exceed ₹10,000 lakhs, there is no requirement to appoint a monitoring agency in relation to the Issue under SEBI ICDR Regulation.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Underwriting

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange i.e [●] and [●] as per the provisions of the SEBI ICDR Regulations. Further, in terms of SEBI ICDR Regulations, our Company will simultaneously do an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI for record purposes only. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in for record purposes only.

Minimum Subscription

The objects of the Issue involve financing other than the financing of capital expenditure for a project. Further, our Promoters and Promoter Group have undertaken that they will subscribe fully to the extent of their rights entitlement and that they shall not renounce their rights (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations. Accordingly, minimum subscription criteria are not applicable to the Issue.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer is set forth below:

(In ₹ except share data)

Particulars	Aggregate value at nominal value	Aggregate value at issue price
AUTHORISED SHARE CAPITAL		
2,50,00,000 Equity Shares of ₹ 10 each	25,00,00,000	NA
ISSUED SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE		
1,16,50,108 Equity Shares of ₹ 10 each	11,65,01,080	NA
PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER(1)		
Up to [●] Equity Shares of ₹ 10 each	[●]	[●]
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE(1)(2)		
Issued equity share capital		
[●] Equity Shares of ₹ 10 each	[●]	
Subscribed and paid up share capital		
[●] Equity Shares	[●]	
SECURITIES PREMIUM ACCOUNT		
Before the Issue		9,480.99
After the Issue		[●]*

(1)The Issue has been authorised by our Board through its resolution dated November 11, 2020.
(2)Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares.
**Subject to finalization of Basis of Allotment, Allotment and deduction of Issue expenses.*

Notes to Capital Structure

1. **Shareholding pattern of our Company as per the last quarterly filing with with the Stock Exchanges in compliance with the SEBI Listing Regulations**

    i. The shareholding pattern of our Company as on December 31, 2020, can be accessed on the website of the BSE at: https://www.bseindia.com/stock-share-price/kddl-ltd/kddl/532054/shareholding-pattern/ and NSE at https://www1.nseindia.com/corporates/corporateHome.html?id=spatterns&radio_btn=company&param=KDDL.

    ii. Statement showing shareholding pattern of the Promoter and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2020 can be accessed on the website of the BSE at: https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532054&qtrid=107.00&QtrName=December%202020 and NSE at https://www1.nseindia.com/corporates/corporateHome.html?id=spatterns&radio_btn=company&param=KDDL.

    iii. Statement showing holding of Equity Shares of persons belonging to the category "Public" including shareholders holding more than 1% of the total number of Equity Shares as on December 31, 2020 can be accessed on the website of the BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=532054&qtrid=107.00&QtrName=December%202020 and NSE at https://www1.nseindia.com/corporates/corporateHome.html?id=spatterns&radio_btn=company&param=KDDL.

2. **Details of outstanding instruments as on the date of this Letter of Offer**

There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.

3. Except as disclosed above under the heading titled *"Statement showing shareholding pattern of the Promoter and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2020",* no Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

4. Our Promoter and Promoter Group have not acquired any Equity Shares in the one year immediately preceding the date of filing of this Letter of Offer with Designated Stock Exchange except the following.

Sr. No	Name of shareholder	Pre-acquisition holding	No. of Equity Shares acquired	Post-acquisiition holding	Mode	Date of Acquisition
1.	Rajendra Kumar Saboo	17,32,040	976	17,323,016	Market Purchase	March, 3, 2020
2.	Rajendra Kumar Saboo	17,33,016	656	17,33,672	Market Purchase	March 14, 2020
3.	Yashovardhan Saboo	12,75,913	14,126	12,90,039	Market Purchase	March 12, 2020 - March 18, 2020
4.	Vardhan Properties & Investments Private Limited	9,951	9,352	19,303	Market Purchase	September 8, 2020 - September 9, 2020
5.	Vardhan Properties & Investments Private Limited	19,303	12,600	31,903	Market Purchase	September 14, 2020
6.	Yashovardhan Saboo	12,90,039	4,74,202	17,64,241	Inter se Tranfer	January 29, 2021

5. **Intention and extent of participation by our Promoter and Promoter Group**

Our Promoters and Promoter Group, by way of their letters dated February 16, 2021, have confirmed to subscribe, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Gorup, over and above its Rights Entitlements, as applicable, or subscription to the unsubscribed portion of this Issue, shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

6. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of SEBI SAST Regulations is ₹[●].

7. At any given time, there shall be only one denomination of the Equity Shares of our Company.

8. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Equity Shares allotted pursuant to the Issue, shall be fully paid up.

9. Details of the Shareholders holding more than 1% of the issued and paid-up Equity Share capital

The details of shareholders of our Company holding more than 1% of the issued and paid -up Equity Share capital of our Company, as on December 31, 2020 are available at https://www.bseindia.com/stock-share-price/kddl-ltd/kddl/532054/shareholding-pattern/ and https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=KDDL&tabIndex=equity.

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses ("**Net Proceeds**") towards the following objects:

a. Investment in our material subsidiary, Ethos Limited for funding its working capital requirements;

b. General corporate purposes.

(Collectively, referred to herein as the "**Objects**").

The main objects and objects incidental and ancillary to the main objects clause as set out in the Memorandum of Association enables our Company (i) to undertake its existing business activities; and (ii) the activities for which the funds are being raised by our Company through this Issue.

Issue Proceeds and Net Proceeds

The details of the Issue Proceeds are set out below:

(in ₹ lakhs)

Particulars	Estimated amount
Gross Proceeds of the Issue*	2,500.00
Less: Estimated Issue expenses in relation to the Issue**	[●]
Net Proceeds	[●]

**Assuming full subscription in the Issue.*
***See "- Estimated Issue Related Expenses" on page 48 below.*

Requirement of Funds and Utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set out below:

(in ₹ lakhs)

Particulars	Amount
Investment in our material subsidiary, Ethos Limited for funding its working capital requirements	1,875.00
General corporate purposes*	[●]
Total**	[●]

** Subject to the finalisation of the basis of Allotment and the allotment of the Rights Equity Shares. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*
*** Assuming full subscription and Allotment.*

There are no existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoters, Directors, key managerial personnel or associate companies.

Means of Finance

The funding requirements mentioned above are based on our Company's internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment or interest rate fluctuations. We intend to finance the Objects of the Issue from the Net Proceeds. Accordingly, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Further, our Company's funding requirements and deployment schedules, are subject to revision in the future at the discretion of our management. If additional funds are required for the purposes mentioned above, such requirement may be met through various options including through internal accruals of our Company.

Details of utilisation of Net Proceeds

a. Investment in our material subsidiary, Ethos Limited for funding its working capital requirements

Our Company proposes to utilise ₹ 1,875.00 lakhs from the Net Proceeds towards making an investment in our material subsidiary, Ethos Limited for funding its working capital requirements. Ethos Limited is focused on retailing various Swiss and other international watch brands.

Basis of estimation of working capital requirements

Ethos Limited requires additional funding to meet its working capital requirements, and proposes to utilize ₹ 1,875.00 lakhs to fund working capital requirements for Fiscal 2021. Set forth below are the details of Ethos Limited's working capital as at March 31, 2019 and March 31, 2020, on a standalone basis, as per certificate dated January 31, 2021 from M/s Ajay Rattan & Co., Chartered Accountants:

Our Company's current assets and liabilities and net working capital on audited standalone basis as of March 31, 2019 and March 31, 2020, are as follows:

(₹ in lakhs)

Particulars	*Fiscal 2019	Fiscal 2020
Current Assets		
Cash and bank balances	827	979
Trade receivables	697	938
Inventories	20,558	21,859
Other current assets including Short term loans and advances	4,261	5,679
Total (A)	**26,343**	**29,455**
Current liabilities		
Trade payables	6,765	7,518
Other current liabilities	2,091	2,472
Total (B)	**8,856**	**9,990**
Net working capital requirement (A-B)	**17,487**	**19,465**
Sources of Working Capital		
Internal Accruals	12,025	14,499
Working capital from banks and other short-term borrowings	5,462	4,966

**The figures of Fiscal 2019 have been considered from Audited Balance Sheet of 2018-19.*

The estimated working capital requirements as on Fiscal 2021 and Fiscal 2022 have been provided below:

(₹ in lakhs)

Particulars	Fiscal 2021	Fiscal 2022
I. Current Assets		
Cash and bank balances	1,303	1,410
Trade receivables	1,100	1,200
Inventories	20,294	26,834
Other current assets including Short term loans and advances	4,594	5,283
Total (A)	**27,291**	**34,727**
II. Current Liabilities		
Trade payables	7,000	8,642
Other current liabilities	3,064	3,619
Short term provisions	Nil	Nil
Total (B)	**10,064**	**12,261**
III. Total Working Capital Requirements (A-B)	**17,277**	**22,466**
Proposed funding pattern		
Working capital funding from banks	2,727	6,091
Internal Accruals	14,500	14,500
Proceeds from the Issue	-	1,875

Basis of Estimation

Particulars	Holding Level as of March 31, 2019 (A) (Number of Days)	Holding Level as of March 31, 2020 (A) (Number of Days)	Holding Level as of March 31, 2021 (E) (Number of Days)	Holding Level as of March 31, 2022 (E) (Number of Days)
Trade Receivables	6	7	11	9
Trade Payables	71	80	106	77
Inventories	238	242	288	286

(A) – Actual as per Standalone financials
(E) – Estimated

Justification for holding period levels

Trade Receivables	No significant increase in receivable days is proposed. The receivables are mostly for sales made through various online market places and use of payment gateways, where the sales proceeds are received later.
Trade Payables	The creditor days (of purchase) in FY 20-21 is higher when compared to the previous year despite no significant change in the absolute levels. This is because the purchases for the 12 month period FY 2021 that is used for computing the creditor days is lower as the Company's operations were suspended during initial part of the year following the lockdown guidelines. The creditors levels are expected to revert back to normal levels in FY 21-22.
Inventories	The inventory days in FY 20-21 are higher despite a reduction in the absolute levels of inventory companred to the previous year. This is because the COGS for the 12 month period FY 2021 that is used for computing the inventory days was lower as the Company's operations were suspended during initial part of the year following the lockdown guidelines. The inventory days in FY 21-22 are higher as new stores that are proposed to be launched during the year will not have full year operations. The initial stocking up does not fully reflect in sales, which starts growing after an initial introductory period – therefore for new stores the stock to sales ratio is adverse in the opening year. Besides this, the Company also proposes small increases in inventory to accommodate changes in brand norms, depreciation in Rupee and increased stocking of exclusive brands.

Our Statutory Auditors have provided no assurance on the working capital estimates, projections or any prospective financial information in this Letter of Offer and have performed no service with respect to it.

Assuming full subscription and Allotment of the Rights Equity Shares in the Issue, our Company proposes to utilize ₹ 1,875.00 lakhs from the Net Proceeds towards making an investment in our material subsidiary, Ethos Limited for funding its working capital requirements. The balance portion of the working capital requirement will be arranged from existing equity, internal accruals and borrowings from banks.

We will determine the form of investment for the abovementioned investment in Ethos Limited, i.e., whether they will involve equity, debt or any other instrument or combination thereof. At this stage, our Company cannot determine whether the form of investment will be equity, debt or any other instrument or combination thereof. Our Subsidiaries do not have any stated dividend policy and our Company cannot be assured of any dividends from it. Our Company will remain interested in our Subsidiaries, and will derive benefits from it, to the extent of our direct or indirect shareholding in it, or as a lender if funds are deployed in the form of debt. For details, see "***Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds are based on our internal management estimates and have not been appraised by any bank or financial institution or other external agency and may be subject to change based on various factors, some of which are beyond our control***" on page 18.

b. General corporate purposes

The Net Proceeds will first be utilized for the Objects as set out above. Subject to this, our Company intends to deploy balance left out of the Net Proceeds, aggregating to ₹ [●] lakhs, towards general corporate purposes and the business requirements of our Company, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds from the Issue, in compliance with the SEBI ICDR Regulations. Such general corporate purposes may include, but are not restricted to, (i) strategic initiatives; (ii) funding growth opportunities; (iii) strengthening marketing capabilities and brand building exercises; (iv) meeting ongoing general corporate contingencies; (v) expenses incurred in ordinary course of business; and (vi) any other purpose, as may be approved by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of our Board, shall have the flexibility in utilising surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount in the next Fiscal.

Schedule of Implementation and Deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(in ₹ lakhs)

Particulars	**Amount to be funded from the Net Proceeds**	**Estimated schedule of deployment of Net Proceeds in Fiscal 2022^**
Investment in our material subsidiary, Ethos Limited for funding its working capital requirements	1,875.00	1,875.00
General corporate purposes	[●]	[●]
Total	[●]	[●]

In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to availability of funds and compliance with applicable laws. Our Company may also utilise any portion of the Net Proceeds, towards the aforementioned objects of the Issue, ahead of the estimated schedule of deployment specified above.

Estimated Issue Related Expenses

The total Issue related expenses are estimated to be approximately ₹ [●] lakhs. The Issue related expenses include fees payable to the Lead Manager and legal counsel, amounts payable to regulators including the SEBI, the stock exchanges, Registrar's fees, printing and distribution of issue stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

The break-down of the estimated Issue expenses is disclosed below.

Activity	**Estimates expenses (in ₹ lakhs) ***	**As a % of total estimated Issue related expenses ***	**As a % of Issue size ***
Fees payable to the Lead Manager	[●]	[●]	[●]
Fees payable to Registrar to the Issue	[●]	[●]	[●]
Fees payable to legal advisors and other intermediaries	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Regulators including the SEBI and Stock Exchanges	[●]	[●]	[●]
Printing,stationery and distribution of issue stationery expenses	[●]	[●]	[●]
Other expenses (miscellaneous expenses)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**Assuming full subscription and Allotment of the Rights Entitlement. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.*

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks (as included in the second schedule to the Reserve Bank of India Act, 1934) or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by the SEBI.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Monitoring of Utilization of Funds

There is no requirement for a monitoring agency as the Issue size is less than ₹10,000 lakhs. Our Audit Committee shall monitor the utilization of the Net Proceeds.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, inappropriate.

Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals. Pursuant to Regulation 32(1) of SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Issue from the objects of the Issue as stated in this chapter; and (ii) details of category wise variations, if any, in the proposed utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the Director's report in the Annual Report.

Appraising Agency

None of the Objects for which the Net Proceeds will be utilised, require appraisal from any agency, in accordance with applicable law.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Other Confirmations

Other than as disclosed above, no part of the Issue proceeds will be paid by our Company to our Promoter, our Promoter Group or our Directors.

Government approvals

There are no material pending government or regulatory approvals pertaining to the objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
KDDL Limited
Kamla Centre
SCO: 88-89, Sector 8-C,
Chandigarh, 160009
India

Dear Sirs,

Statement of Possible Special Tax Benefits available to KDDL Limited ("the Company") and its shareholders and its material subsidiary, Ethos Limited under the Indian tax laws

1. We hereby confirm that the enclosed Annexures, prepared by KDDL Limited ('the Company') provides the possible special tax benefits available to the Company and its shareholders as stated in Annexure 1 and 2, and its material subsidiary, Ethos Limited ('the subsidiary company') as stated in Annexure 3 and 4 under the provisions of the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2020 read with the Income-tax Rules, 1962, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications ("GST law"), the Customs Act, 1962, the Customs Tariff Act, 1975 ("Customs law") and Foreign Trade Policy 2015-2020 ("FTP") as amended by the Finance Act 2020, i.e., applicable for the Financial Year 2020-21, presently in force in India (together referred to as 'the Tax Laws'). Several of these benefits are dependent on the Company or its shareholders or its material subsidiary fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders / or its material subsidiary to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders or its material subsidiary may or may not choose to fulfil.

2. The benefits discussed in the enclosed Annexures cover only special tax benefits available to the Company and to the shareholders of the Company and its material subsidiary and do not cover any general tax benefits available to the Company and to the shareholders of the Company and its material subsidiary.

3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the rights issue. We are neither suggesting nor advising the investors to invest in the rights issue relying on this statement.

4. We do not express any opinion or provide any assurance as to whether:
   - the Company or its shareholders or its material subsidiary will obtain/ continue to obtain these special tax benefits in future; or
   - the conditions prescribed for availing the special tax benefits have been / would be met with; or
   - the revenue authorities/courts will concur with the views expressed herein.

   We assume no obligation to update the Annexures on any events subsequent to this date, which may have a material effect on the discussions herein.

5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and its material subsidiary and on the basis of our understanding of the business activities and operations of the Company and its material subsidiary.

6. This statement is prepared solely for inclusion in the letter of offer in connection with the proposed rights issue of equity shares of the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and is not to be used, referred to or distributed for any other purpose.

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

per Anil Gupta
Partner
Membership No. 87921

UDIN: 21087291AAAAAM2678

Place: New Delhi
Date: February 16, 2021

ANNEXURE 1 TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO KDDL LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

I. Under the Income Tax Act, 1961 (herein after referred to as 'the Act'), as amended by the Finance Act, 2020, applicable for the Financial Year ('FY') 2020-21 relevant to Assessment Year ('AY') 2021-22

1. Special tax benefits available to the Company under the Act

A. Lower corporate tax rate under Section 115BAA of the Act

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ('the Amendment Act, 2019') w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives.

The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ('MAT') under Section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

The Company is eligible to exercise the above option and is currently in the process of evaluating this option. In this regard, it may also be noted that such option for FY 2019-20 is yet to be exercised by the Company which could be done prior to furnishing the tax return of the Company for FY 2019-20. The option once exercised cannot be subsequently withdrawn for the same or any future FY.

B. Additional depreciation under section 32(1)(iia) of the Act

Subject to conditions prescribed in the Act, the Company is entitled to claim additional depreciation under the provisions of Section 32(1)(iia) of the Act, of an amount equal to twenty per cent of the actual cost of new plant or machinery acquired by the company.

However, where the company opts for special rate of tax under section 115BAA of the Act, such additional depreciation will not be allowed in computation of total income.

C. Deductions from Gross Total Income

- Section 80G of the Act: Deductions in respect of donations

  Subject to conditions prescribed in the Act, the Company is entitled to claim deduction, under the provisions of Section 80G of the Act, of an amount equal to hundred per cent or fifty percent (*as applicable as per the provisions of the Act)* of the amount of donations made by the company in the previous year.

  However, where the company opts for special rate of tax for the FY 2020-21 under section 115BAA of the Act, such deduction shall not be allowed in computation of total income.

- Section 80 JJAA -Deduction in respect of employment of new employees

  Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

  The deduction u/s 80JJAA of the Act shall be applicable even if the Company avails the benefits of the special rate u/s 115BAA of the Act

- Section 80M of the Act: Deduction in respect of inter-corporate dividends

  A new Section 80M has been inserted by the Finance Act, 2020 w.e.f. FY 2020-21, providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

  Where the Company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable even if the Company avails the benefits of the special rate u/s 115BAA of the Act

2. Special tax benefits available to the Shareholders

A. Higher cost of acquisition benefit in relation to long term capital asset being shares of a Company referred to in section 112A of the Act

A new section 55(2)(ac) of the Act has been inserted to provide grandfathering of gains on the specified assets (*as defined u/s 112A of the Act)* acquired prior to 1 February 2018. The Cost of acquisition would be higher of:-

a) Cost of acquisition and
b) Lower of
   - Fair market value* of such shares
   - Full value of consideration received or accruing as result of transfer of capital asset

*'fair market value' means,—
in a case where the capital asset is listed on any recognised stock exchange as on the 31st day of January 2018, the highest price of the capital asset quoted on such exchange on the said date:

NOTES:

1. The above statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company. The above are based on the existing provisions of the tax laws and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of the above.

3. The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment year 2021-22. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.

4. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.

5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes

ANNEXURE 2 TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO KDDL LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

II. Under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications ("GST law") , the Customs Act, 1962 and the Customs Tariff Act, 1975 ("Customs law") and Foreign Trade Policy 2015-20 (FTP) ***(herein collectively referred as "indirect tax laws")***

1. <u>Special tax benefits available to the Company</u>

A. The Company is eligible to avail the benefits of refund under GST law as per any or both of the following scenarios:

i. Refund of accumulated input tax credit arising on account of exports without payment of tax i.e. under Letter of Undertaking (LUT)

ii. Refund of taxes paid on exports

B. The Company is eligible to avail the license under Export Promotion Capital Goods Scheme ('EPCG') and also eligible to avail the license of Advance Authorization ('AA') under FTP. Under both the scheme, the Company is eligible for availing exemption from basic customs duty, social welfare surcharge and integrated goods and services tax on import of goods meant for export production.

Imports made by the Company against AA and EPCG scheme are exempted from IGST and compensation cess upto March 31, 2021.

C. Merchandise Exports from India Scheme (MEIS) is a scheme under FTP which provides rewards in the form of duty credit scrips. The duty credit scrips are given as a percentage of the realized FOB value (in free foreign exchange) for notified goods going to notified markets. The scrips can be utilized for making the payments of custom duty, prescribed additional custom duty, central excise duty and compensation fee. The MEIS scrips can also be transferred and sold in the market. The Company is eligible to avail the benefit of MEIS duty credit scrips. The scheme was applicable upto December 31, 2020.

D. Authorized Economic Operator (AEO) is a programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards to secure and enhance international supply chain security and facilitate movement of legitimate goods across international borders.

The Indian customs AEO programme is administered by the Central Board of Indirect taxes and Customs ("CBIC"). India AEO programme is a voluntary programme that applies to all business entities participating in the global supply chain.

AEO seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures (*inter-alia* including deferred payment of customs duty) to the Operators who offer a high degree of security guarantees in respect of their role in the supply chain.

Since the Company is engaged in regular import transactions, therefore, the Company is eligible to obtain AEO status. The AEO status and benefits are provided subject to prescribed conditions.

E. The Company may avail the benefits provided under the Free Trade Agreements (FTAs) as entered between India and other countries. In FTAs, two or more countries agree to reduce or eliminate customs tariff and non-tariff barriers on substantial trade between them. Accordingly, the Company may explore the FTAs applicable to it and avail the benefit of reduced rate of customs tariff on imports.

F. The Company is eligible to avail the benefits provided under Manufacturing and Other Operations in a Warehouse (MOOWR). The scheme allows the importers to import the raw materials & capital goods and deposit them in a private warehouse, by way of filing a bill of entry for warehousing without payment of duties of customs and IGST. The Company can carry out manufacturing and other operations on such goods in the warehouse. Subsequently, if the goods are exported then the corresponding customs duty stands waived. In case the finished goods are cleared from the warehouse for home consumption in domestic area then customs duty and IGST needs to be paid at the time of removal from the factory. Accordingly, the Company may explore the option of MOOWR applicable to it and avail the benefit of tax deferment.

G. The Company is eligible to avail the benefits provided for duty drawback under the Customs law. The duty drawback is as a rebate for duty chargeable on any imported materials or excisable materials used in manufacture or processing of goods, manufactured in India and exported.

2. <u>Special tax benefits available to the Shareholders</u>

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

NOTES:

1. The above statement of special tax benefits is based on the best understanding of Company's business landscape and tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.

2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible indirect-tax consequences that apply to them.

4. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

ANNEXURE 3 TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO ETHOS LIMITED ("A SUBSIDIARY COMPANY OF KDDL LIMITED") AND ITS SHAREHOLDERS

I. Under the Income Tax Act, 1961 (herein after referred to as 'the Act'), as amended by the Finance Act, 2020, applicable for the Financial Year ('FY') 2020-21 relevant to Assessment Year ('AY') 2021-22

1. <u>Special tax benefits available to the subsidiary company under the Act</u>

A. <u>Lower corporate tax rate under Section 115BAA of the Act</u>

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives.

The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under Section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

The subsidiary company has elected to exercise the option of beneficial tax rate under section 115BAA of the Act from the FY 2019-20. As the subsidiary company has opted for the beneficial tax rate introduced by the ordinance, they will not be eligible to avail the exemptions/ incentives as specified under Section 115BAA of the Act. Further, the option once exercised by the subsidiary company cannot be subsequently withdrawn for the same or any other FY.

B. <u>Deductions from Gross Total Income</u>

- <u>Section 80JJAA: Deduction in respect of employment of new employees</u>

  Subject to fulfilment of prescribed conditions, the subsidiary company is entitled to claim deduction, under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

  The deduction u/s 80JJAA of the Act shall be applicable even if the subsidiary company avails the benefits of the special rate u/s 115BAA of the Act.

- <u>Section 80M of the Act: Deduction in respect of inter-corporate dividends</u>

  A new Section 80M has been inserted by the Finance Act, 2020 w.e.f. FY 2020-21 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

  Where the Company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the subsidiary company availing the benefits of the special rate u/s 115BAA of the Act for the FY 2020-21.

2. Special tax benefits available to the Shareholders of the subsidiary company

There are no special tax benefits available to the shareholders of the subsidiary company.

NOTES:

1. The above statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company. The above are based on the existing provisions of the tax laws and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of the above.

3. The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment year 2021-22. Several of these benefits are dependent on the subsidiary company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.

4. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.

5. The subsidiary company has evaluated and decided to exercise the option permitted under Section 115BAA of the Act for the purpose of computing its income-tax liability for the FY 2019-20 and accordingly, the special direct tax benefits, available for FY 2020-21, are captured to the extent the same are relevant to a subsidiary company exercising such option. The option once exercised cannot be subsequently withdrawn for the same or any other FY.

6. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 4 TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO ETHOS LIMITED ("A SUBSIDIARY COMPANY OF KDDL LIMITED") AND ITS SHAREHOLDERS

II. Under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications ("GST law"), the Customs Act, 1962 and the Customs Tariff Act, 1975 ("Customs law") and Foreign Trade Policy 2015-20 (FTP) ***(herein collectively referred as "indirect tax laws")***

1. Special tax benefits available to the subsidiary company

A. Authorized Economic Operator (AEO) is a programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards to secure and enhance international supply chain security and facilitate movement of legitimate goods across international borders.

The Indian customs AEO programme is administered by the Central Board of Indirect taxes and Customs ("CBIC"). India AEO programme is a voluntary programme that applies to all business entities participating in the global supply chain.

AEO seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures (*inter-alia* including deferred payment of customs duty) to the Operators who offer a high degree of security guarantees in respect of their role in the supply chain.

Since the subsidiary company is engaged in regular import transactions, therefore, the subsidiary company is eligible to obtain AEO status. The AEO status and benefits are provided subject to prescribed conditions.

B. GST law provides for refund of accumulated input tax credit arising on account of exports without payment of tax i.e. under Letter of Undertaking (LUT).

C. The subsidiary company is eligible to avail the benefits provided under Manufacturing and Other Operations in a Warehouse (MOOWR). The scheme allows the importers to import the raw materials & capital goods and deposit them in a private warehouse, by way of filing a bill of entry for warehousing without payment of duties of customs and IGST. The benefits under the scheme is available to a trader or any other person who is removing the goods 'as such' subject to payment of applicable interest for warehousing goods beyond a specified time limit. Accordingly, the subsidiary company may explore the option of MOOWR applicable to it and avail the benefit of tax deferment.

2. Special tax benefits available to the Shareholders of the subsidiary company

There are no special tax benefits available to the shareholders for investing in the shares of the subsidiary company.

Notes:

1. The above statement of special tax benefits is based on the best understanding of subsidiary company's business landscape and tax benefits available to the subsidiary company and its shareholders under the current tax laws presently in force in India.

2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible indirect-tax consequences that apply to them.

4. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section is obtained from various publicly available sources, government publications and other industry sources. The market and third party related information presented in this section, including forecasts and projections, have not been prepared or independently verified by us, our Directors, the Lead Manager, or any of our or their respective affiliates or advisors or any other party involved in the Issue, and no representation is made as to its accuracy.

India GDP

As COVID-19 was spreading to over 200 economies across the world, the release of provisional estimates (PE) of national income by the National Statistical Office (NSO) at the end of the month revealed that the growth of India's real gross domestic product (GDP) had slumped to 4.2 per cent in 2019-20 (6.1 per cent a year ago), the lowest since 2009-10. All components of domestic demand were driven down, except government final consumption expenditure (GFCE), which provided sustained support to aggregate demand. Agriculture and allied activities provided a silver lining, on the back of record food grains and horticulture production, coupled with resilient allied activities and an outlook brightened by expectations of a normal south west monsoon (SWM) in 2020. The index of industrial production (IIP) shrank by 0.8 per cent during 2019-20 from 3.8 per cent growth a year ago. *(Source: Economic review – Annual Report, August 25, 2020)*

The Index of Industrial Production (IIP), measuring industrial performance monitors production in Manufacturing, Mining and Electricity sectors and also in use-based groups such as Primary goods, Capital goods, Intermediate goods, Infrastructure/construction goods, Consumer durables and Consumer non-durables. IIP registered growth rate of 3.8 per cent on account of growth in Electricity generation (5.2 per cent), Manufacturing (3.9 per cent) and Mining (2.9 per cent) in 2018-19. As per the use-based classification, Primary goods, Capital goods, Intermediate goods, Infrastructure/construction goods, Consumer durables and Consumer nondurables registered growth of 3.5 per cent, 2.7 per cent, 0.9 per cent, 7.3 per cent, 5.5 per cent and 4.0 per cent respectively during the same period. *(Source: Department for Promotion of Industry & Internal Trade, Ministry of Commerce & Industry, Government of India – Annual Report 2019-20)*

India riding against the COVID-19 wave

India has been successful in bending the COVID infection curve till now and enters the new year with cautious optimism. Since the crossing of the first peak in mid-September, barring localised surges, infections are on a reducing trend and the recovery rate is nudging 95 per cent. The case fatality rate stands at one of the lowest globally at 1.45 per cent despite having the second largest confirmed cases at 1.03 crore. The COVID-19 active caseload has fallen below 2.5 lakh with India now at tenth position in number of active cases. *(Source: Monthly Economic Review – December 2020)*

While India still registers the highest number of daily infections in Asia, the daily rate has come down significantly to a seven-day rolling average of less than 20,000 cases and 270 deaths in the last week of December, from the peak of close to a lakh and more than 1,000 deaths a day in mid-September. The 7-day average of daily change in active cases continued to be in the negative territory at -1.8 per cent as on 31st December. The daily cases showed some spurt in November largely attributed to the festive season but has been rapidly brought under control. *(Source: Monthly Economic Review – December 2020)*

Indian Watch Industry

The Watch Industry in India comprises of units both in the organized as well as the small scale sector. The organized sector contributes 40% of the total demand while the rest is met by the unorganized sector. Most of the watches are being manufactured under the electronic system. The production of Watches, automatic quartz and Watches, scientific/ digital & speed purpose during (2018-19) was 39843.05 (Th. numbers) and around 51.81 (₹ Crore). During the current financial year (2019-20 (April-November) the production has been 29001.96 (Th. numbers) and around 38.30 (₹ Crore) respectively. The export & import of Clocks and Watches in the year 2018-19 and for the current financial year

(2019-20(April November) (HS Code: 91) are as follows:

HS Code	Export		Import	
	2018-19	**2019-20 (April-November)**	**2018-19**	**2019-20 (April-November)**
91	70,510.41	42,006.36	266,461.93	177,037.12

(Source: Department for Promotion of Industry & Internal Trade, Ministry of Commerce & Industry, Government of India – Annual Report 2019-20)

Global Watch Markets

As in the period from June to September, the less steep decline at the global level in November was mainly due to the very strong performance posted by China (+69.5%), following a temporary lull in October (though still with +15.1% growth). Over a third of the main direct markets for watch exports also saw an upswing, however, helping to soften the downward trend to some extent. Among them, the United Kingdom (+21.8%), Taiwan (+18.5%) and Russia (+36.3%) were notable for steady growth. Conversely, other key markets continued to see more or less sharp declines, including the United States (-2.8%), Hong Kong (-14.0% in spite of a highly favourable base effect), Germany (-1.1%), Singapore (-31.9%), the United Arab Emirates (-3.7%), Italy (-27.8%) and France (-29.0%). *(Source: Swiss Watchmaking in November 2020)*

Asia's share of Swiss watch exports decreased slightly, because of the negative impact of Hong Kong. Nonetheless, Asia still accounted for more than half (53%) of the export turnover generated by Swiss watches in 2019. Europe represented 30% and America 15%. Overall, watch exports to Asia increased by 2.3% compared with 2018. Not all the main markets were close to the average, however. Hong Kong was heavily penalised by the protests that have been taking place there since June, finishing the year with a fall of -11.4% (-25.9% during the fourth quarter). Conversely, China regularly increased its pace of growth, ending on +16.1%, while exports to Japan grew by +19.9%. Singapore (+14.6%) was the third market to achieve strong growth, thanks to an excellent second half. Growth in South Korea (+4.9%) was more moderate. In the Middle East, exports increased to the United Arab Emirates (+2.4%) but declined in Saudi Arabia (-6.4%). The lowest level of growth was in Europe (+1.0%), driven mainly by the United Kingdom. Germany (+0.2%) and France (+0.2%) stagnated, while Italy (-4.2%), Spain (-1.1%) and the Netherlands (-3.0%) fell back slightly. America (+6.1%) was the most dynamic region, thanks to the United States (+8.6%), which alone absorbed three quarters of watch exports to the continent. *(Source: The Swiss and World Watchmaking Industries in 2019)*

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read "Risk Factors" on page 18, for a discussion of the risks and uncertainties related to those statements, as well as "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 78 and 156, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Financial Statement and Unaudited Financial Results.

OVERVIEW

Our Company is engaged in the manufacturing of watch components and precision engineering products. Our Company has been engaged in the manufacture watch components i.e watch dials and watch hands over three decades and is considered to be one of India's leading watch components manufacturers for others. Our Company is a manufacturer of watch components and supplier to domestic and international luxury watch brands. Our watch components are manufactured at Parwanoo, Himachal Pradesh Derabassi Punjab and Bengaluru, Karnataka. To enhance presence in mid-priced segment and European brands, our Company recently acquired Estima AG, an established maker of watch hands in Switzerland. We believe we have an established track record of manufacturing wide range of watch components with distinctive features. We have a strong customer profile and cater to some of the leading watch manufacturing companies in India and Switzerland. We also cater to various industries like automobile, electrical and electronics, consumer durables, industrial engineering, instrumentation, aerospace and defence segment through precision engineering product manufactured at our precision stamping division facility in Bengaluru, Karnataka and supplies critical products like electrical connectors and terminals, component of relays for aerospace application, electrical switch gears, cell phone chargers, battery and components for automobile sector etc. Our manufacturing unit is accredited with quality management system certificate for compliance with AS9100D and ISO 9001:2015 certification for manufacturing of stamping parts and press tools, IATF 16949 certification for manufacturing of stamped components and ISO 9001:2015 certification for manufacturing of press tools, stamping parts, injection moulding parts and sub assemblies. Further, our manufacturing unit is also accredited with environmental management system and occupational health and safety management system certificate for compliance with ISO 14001:2015 certification and ISO 45001:2018 certification, respectively, for manufacturing of press tools, stamping parts, injection moulding parts and sub assemblies. Our Company is also involved in the business of manufacturing of ornamental packaging boxes for watch, jewellery and writing instruments.

Some of our key managerial personnel have more than 30 years of experience in the watch component manufacturing. We also lay a strong emphasis on our in-house human resource initiatives, by focusing on hiring, training and retaining the best talent. As on December 31, 2020, we had 1,355 permanent full-time employees at our manufacturing facilities and corporate office.

OUR COMPETITIVE STRENGTHS

We believe that our primary competitive strengths include the following:

Our experience of over three decades in watch industry

We are engaged in manufacturing of watch components over three decades. Our first manufacturing unit was established in the year 1983 at Parwanoo, Himachal Pradesh. Currently, watch components are manufactured at our units in Parwanoo and Baddi (Himachal Pradesh), Derabassi (Punjab) and Bengaluru, Karnataka. Our presence in watch industry over three decades has helped us in understanding the changing needs and demands of our customers. Over the years, we have developed relationships with leading domestic and international watch manufacturer. On account of this long-standing presence in the Indian market and with constant improvement and adoption of technologies, augmented with quality, we believe that we enjoy considerable brand equity and reliability in the industry where we operate, which has enabled us to develop firm relationships with various International and domestic watch brands. Our experience of over three decades has helped us in adding new watch brand in our portfolio for watch components business as well as our retail business.

Pan India presence through network of strategically located retail watch stores

We opened our first retail watch store in January, 2003 in Chandigarh. As of December 31, 2020, we had a network of 47 stores across the India, of which 9 Ethos Summit watch stores are exclusive high luxury end brand stores at Mumbai, Delhi, Hyderabad, Chennai, Kolkata, Lucknow, Bengaluru and Chandigarh and 1 duty free retail store at Delhi International Airport. We are also merchandising and managing a duty paid retail store at Domestic Airport, Mumbai. We focus on retailing of luxury watch brands through our strategically located stores at metros, Tier I and Tier II cities. We believe that our strategically located out retail stores also enable us to offer a wide range of luxury and high end watches attracting a diverse customer base, ensure effective inventory management and provide benefits of scale. Our networks of retail stores allow us to cater to a large section of consumers and ensure effective penetration of the luxury watch brands that we retail. We also have knowledgeable staffs and dedicated after sales services team which helps our customers not only during the process of watch selection but also helps in keeping that watch ticking for long.

Experience of our Promoters and a strong management team and employees

We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. We have an experienced management team led by Rajendra Kumar Saboo and Yashovardhan Saboo, who have over three decades of experience in watch components manufacturing. We have leveraged on our Promoter's experience, reputation and industry contacts to create strong brand equity in the watch sector in India and outside, with a wide customer base. Our Company has requisite mix of employees having academic backgrounds from the engineering industries, business management, commerce, etc. We believe that our qualified and experienced management and key employees have contributed to the growth of our operations and the development of our in-house processes and competencies. Our key employees have experience in our industry and have been instrumental in implementing our various business strategies from time to time.

Diversified revenue stream

Till the year 2002, we were deriving most of our revenue from watch components from domestic market. In the year 2003, we started retailing of watches in the domestic market. In the year 2008, we added manufacturing of high precision stamping parts for electrical, aerospace and other industries. We supply stampings products like electrical connectors and terminals, component of relays for aerospace application, electrical switch gears, cell phone chargers, battery and components for automobile sector etc. The range of product that we provide in the market is highly commended and made in accordance with the international quality standards. Post 2005, we started focusing on international market for watch components and currently derive majority revenue of watch components from Swiss market. In Fiscal 2020, we derived 28.26 per cent of our consolidated total revenue from operations from sale of precision and watch components, 69.20 per cent from watch and watch accessories, and 2.54 per cent from other sectors as compared to 28.46 per cent, 69.00 per cent, and 2.54 per cent, respectively in Fiscal 2019. We believe our diversified revenue stream helps us in negotiating the business cycles in efficient manner.

OUR STRATEGIES

Focused on deepening our relationships with brands

In our watch components business, we are generating over 60 per cent of revenue from exports primarily supplying to various Swiss and other international watch brands. Our customers in watch components market include various international watch brands. We are looking to add more and more international brands for our watch components business. In retail business, we believe that we are perceived as a specialty retailer in the luxury and premium category of watches in India not just by our principals, but also by a host of various international brands. As on date of this Letter of Offer, we have over 65 Swiss and other international watch brands in our portfolio including Omega, Breitling, Breguet, Cartier, Jaeger-LeCoultre, Rolex, Rado, Tag Heuer, Longines, Seiko and Tissot, etc. Our non-exclusive arrangements with various brands allow us to cater to multiple partners in accordance with their specific requirements. We constantly keep on evaluating gaps in our brands and keep on adding on brands in our portfolio to fill those gaps for our retail. We have long associations with our partner brands and we are focus on maintaining and fostering such relationships to deepen our relationship with Swiss and other international watch brands.

Moving up in the higher value chain

For our watch components business, we are producing simple to somewhat complex dials. With the experience gained over three decades, we intend to manufacture complex dials and hands to cater to need of the international watch brands. For our retailing business, our average selling prices per watch in our retail business is increasing. We will continue to increase our focus on luxury watches and to increase average selling price of the watch sold by us. We intend to further increase luxury category sales as a proportion of our overall sales and moving up in the value chains.

Becoming a pan India player through our e-commerce platforms

As of December 31, 2020, we had a network of 47 stores across the India, of which 9 Ethos Summit watch stores are exclusive high luxury end brand stores at Mumbai, Delhi, Hyderabad, Chennai, Kolkata, Lucknow, Bengaluru and Chandigarh and 1 duty free airport boutiques at Delhi and Bengaluru. We are also merchandising and managing a duty free retail store at International Airport, Mumbai. We focus on retailing of luxury watch brands through our strategically located stores at metros, Tier I and Tier II Cities. To improve the shopping experience we have also commenced digital platform through our e-commerce portal 'www.ethoswatches.com'. This platform facilitates a seamless access to a wide variety of luxury watches we retail. Our portal also allows us to cater to customers which are not based in location, where our stores are located. Our online platform helps us generating leads for sales at the store. We intend to develop our digital platform to provide our customers e-commerce and online retail business experience. We believe developing and expanding the online space may further attract the attention of our customers which can be converted into footfalls in our stores. To effectively cover pan India, we may open stores in the newer locations and we may close some of the smaller size /less revenue making stores to open larger size stores. Our total store count may remain at the similar level and will become a pan India player through strengthening though our e-commerce platform 'www.ethoswatches.com'.

Continue to provide training to our employees and invest in human capital

As on December 31, 2020, we had 1,355 permanent full time employees at our manufacturing facilities and corporate office. Our manufacturing business requires high degree of skills whereas the retail business requires deep understanding of watch brands and their specialities. We believe that our success in the future will depend on our ability to continue to maintain a pool of experienced professionals. We aim at identifying fresh talent, training, grooming them and providing opportunities for growth. We have been successful in building a team of talented professionals and intend to continue placing special emphasis on managing attrition and attracting and retaining our employees. We provide continuous behavioural and functional training to our employees, both at our units and at our stores *via* third party human resource consultants. We intend to further improve our training programmes to ensure that our employees have the skills to meet our customer's demands and provide quality customer service. We have also adopted an organisation-wide human resource policy which lays emphasis on providing continuous training to our employees and establish definite career growth paths for them.

Continue to invest in brand-promotion

We seek to allocate significant resources in positioning 'Ethos' and 'Ethos Summit' as a premium stores having variety of luxury and prestigious watch collections. Our branding plan comprises of activities including online marketing, electronic media, print media, outdoor and event and sponsorship. We understand that, the Indian consumer mind set for wrist watch has shifted from being a basic necessity and gift items to high living standard within the society and has led to increase awareness and brand consciousness. Therefore we believe that investment in brand is essential to increase our brand-recognition and market-share and also help us capitalise on the growing consumer preference for branded products. Our total expenses on advertisement and brand promotion for Fiscal 2020 and nine month period ended December 31, 2020 were ₹ 1,436.53 lakhs and ₹ 1,036.98 lakhs, respectively. We will continue to invest in brand promotion including on line marketing to become preferred choice for our customers and brands.

Improved focus on precision engineering

We entered the precision engineering business in the year 2008. Our precision engineering division contributed approximately 6.52%, of our total consolidated revenue. We intend to continue building on our expertise and execution capabilities and emerge as a preferred player in the areas of automobile and aerospace sector by providing all round engineering solutions to our customers. Our manufacturing unit is accredited with quality management system certificate for compliance with AS9100D and ISO 9001:2015 certification for manufacturing of stamping parts and press tools, IATF 16949 certification for manufacturing of stamped components and ISO 9001:2015 certification for manufacturing of press tools, stamping parts, injection moulding parts and sub assemblies. Further, our manufacturing unit is also accredited with environmental management system and occupational health and safety management system certificate for compliance with ISO 14001:2015 certification and ISO 45001:2018 certification, respectively, for manufacturing of press tools, stamping parts, injection moulding parts and sub assemblies. We believe that improving our precision engineering division would enable us to serve emerging sectors and opportunitities in automobile, aerospace and defence sectors in an efficient manner. The skills we possess in precision engineering, progressive tooling and high speed stamping have been used to extend our activities to new areas such as tool and die making, manufacture of precision components for the aerospace, electrical, electronic and automobile, consumer goods and telecommunication industry. We propose to leverage our skills to cater to electronics, automobile, aerospace and defence sectors.

Description of our business

We have four operating divisions namely the:

A. Retail chain in luxury watches;
B. Manufacture of watch components;
C. Precision stamping and tool division; and
D. Packaging business.

A. Watch Components

Our Company manufactures watch components for certain domestic and international watch manufacture. We have been engaged in the manufacture of watch components over three decades and are considered to be India's one of the leading watch components manufacturer. We have three units, each at Parwanoo and Baddi (Himachal Pradesh), and Derabassi (Punjab), for manufacturing of watch dials with manufacturing capacity of over 40 lakhs pieces per annum in single shift. We also have two units, both at Bengaluru, Karnataka, for manufacturing of watch hands with manufacturing capacity of over 6,240.00 lakhs per annum.

Designing

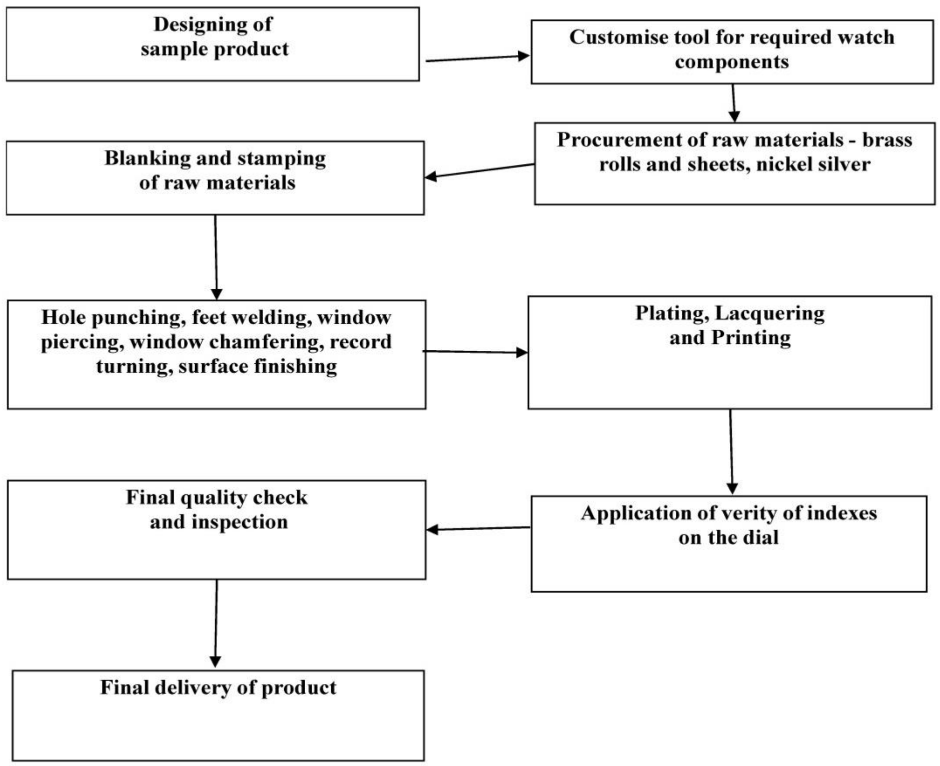
Based on specific design provided by our customers, we design, develop and customise tool required for manufacturing of required watch components. Our development centre is responsible for developing the tools design for various watch components for meeting the specific product requirement of our customers. Typically a new watch components development process begins with a written brief and specific sample provided from our customers to technical drawings, prototyping, sample product approval and finally bulk production. The average duration of this cycle typically ranges from 60 days to 120 days depending on the complexity of the product.

Raw materials and suppliers

We being the supplier to luxury Swiss and other international watch brands, selection of the appropriate raw materials is one of the important aspects of manufacturing of watch components. We source our raw materials from third party suppliers approved by our customers. The principal raw materials used in our manufacturing facilities include brass strips, aluminium, nickel silver, steel and beryllium copper. Although we have not entered into any long term agreements with our suppliers but we work through a purchase order based system. Most of our raw materials are imported.

Manufacturing process

All watch components have to go through a variety of pre-production processes before it reaches to our customer. The manufacturing of watch dials involves various stages including conceptual drawing, prototype, product drawing, production plan, tool drawings, tool manufacture, tool trial and product trials and final product approval. On receipt of the final product approval from our customer through our development centre and required raw materials, we commence manufacturing of the watch components on the basis of the order book. Set forth below is the process of manufacturing of watch:



Watch Dials-Watch dials are considered as face of the watch

The manufacturing of watch dials mainly involves blanking and stamping of raw material, hole punching, feet welding, window piercing, window chamfering, record turning, surface finishing, plating, lacquering, printing, indexing, inspection and finally delivery of product. Based on the design provided by our customer, we generate the pattern on the brass sheet by pressing and stamping. For setting up the watch hands on the dial, we make hole in the centre of the dial and fix the feet at the edge of the dial. Surface finishing is a broad range of industrial processes that alter the surface of a manufactured dial to achieve a certain property such as improve appearance, chemical resistance and removing burrs. Plating is applied over the surface after base finish to get the desired finish, colour and other technical requirement like corrosion resistant surface. The dial is then sent for lacquering where a thin coat of chemicals is being sprayed over the dials to beautify the surface and at the same time giving surface a long life protection from oxidation. Based on requirements of our customers, we print the details of brand name, graduation marking on dial. For marking up hours and other references on the dial, we apply verity of indexes on the dial like thin indexes, long indexes, bold indexes, brush indexes etc. We also decorate the dials with diamond with specific order of our customers.

Watch Hands

The hands on a watch indicate either the hour, minute, or second, along with other functions. The manufacturing of watch hands broadly involves first progressive, blanking, lacquering, diamond cutting, plating, inspection and finally delivery of product. First progressive includes making of pilot holes on metal strips, followed by piercing, drawing and shaving and window cutting. The material is then moved to press shop for blanking or lacquering department for obtaining the attractive colour on hands. Blanking hands will be checked for various factors such as thickness, collar height and length. Diamond cutting are carried out in order to obtain smooth and fine surface finish on the hands. Based on customer requirement, we also apply photo luminous compound on the window and milled part of the hand, which emits the light in dark. Our development centre controls each and every activity until it is dispatched to the customer.

Quality Control

Each stage of manufacturing of watch components is monitored by our quality assurance team to ensure conformity with our strict quality standards. Once the watch components are processed through all the activities, it will be inspected by the inspection department and then sent to FQC department for final quality check. Before the watch components are dispatched to the customer, we send the final product for a third party inspection both visual and dimensional inspection according to the sampling plan. After the inspection stage the product will be sent for packing and dispatch.

B. Precision stamping and tool division

We are also the manufacturer of high precision stamping parts and tools at our precession stamping division located at Bengaluru, Karnataka. In addition to our watch components manufacturing business, we have been manufacturing a wide variety of high precision stamping parts and tools since the year 2008 and have gained experience in the design, manufacturing and supply chain management of precision components. We began manufacturing precision engineering products and tools for global original equipment manufacturers (OEMs) to leverage our existing capabilities in manufacturing and to utilize surplus assets available in the Eigen division situated at Bengaluru, Karnataka. We have also leveraged our design capability and cost advantage to become a provider of automation, telecommunication and aerospace solutions.

Products and Customers:

We have been supplying precision stamped parts like electrical connectors, electrical terminals, moving and fixed contacts for relays of aerospace application, latches for electrical switch gear, contact springs for cell phone chargers, battery caps, armature for aerospace application relays, door latch for automobiles, locking lever for ignition switch of automobiles, micro clutches for safety devices, terminal for fuel injection pump for automobiles, spring washers, electrical retention clips, electrical wipers, heater assembly for thermal over load relays.

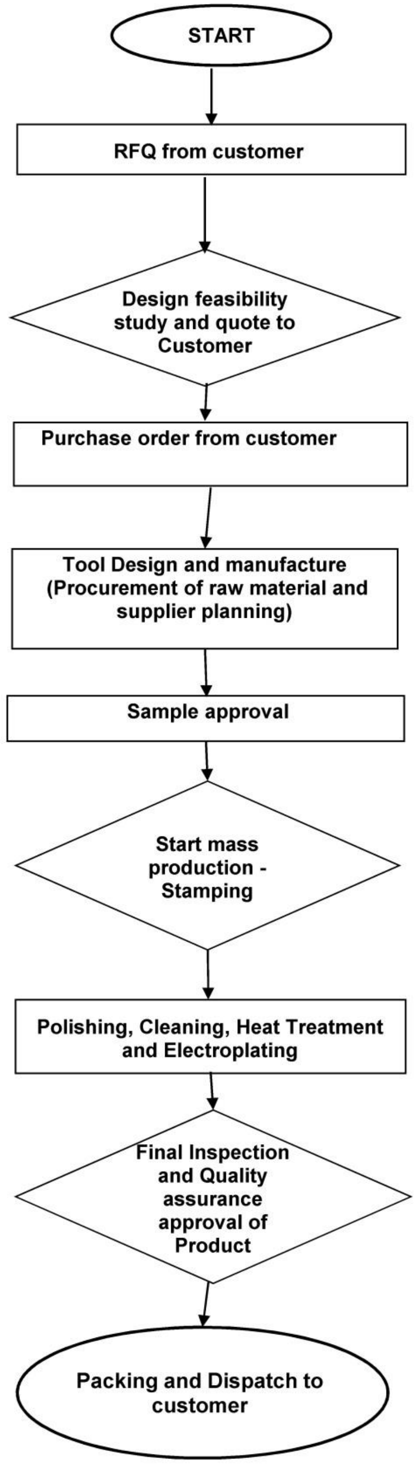
In addition there is also a dedicated team that is involved in machine building and automation. The current product range of the precession stamping division includes (i) precision machined components and sub-assemblies for original equipment manufacturers in aerospace and automotive industry; (ii) die and moulds for precision pressed parts; (iii) electrical sub-assemblies such as heater assembly for relays, energy meters; and (iv) automatic assembly lines for tiny and precision engineering parts etc.

Precision machined components and sub-assemblies for original equipment for aerospace and automotive industry

Facilities and Manufacturing Process:

Our precession stamping divisions located at Bengaluru, Karnataka. We use different technologies for manufacturing different stamped components and tools including non-conventional machining technology, progressive tool technology, rapid prototyping and reverse engineering technology, which we believe provides us a cost competitive advantage among our competitors. Our services include design and manufacture of simple, compound and progressive tools with scheduled supply of components as per customer requirements.

Production process flow chart



Design team and Quality Assurance:

Our design and development process includes concept design followed by prototyping and customer approval for coordination till the product is finally delivered to the intended market. We have an in house design team at Bengaluru which has considerable experience in tool design / mould design / tool and die making. Our design section uses the different software like AutoCAD2014, solid works 2015, Uni-graphics NX 9.5, quick press V5 and inventor 2010 etc. for tool design and analysis. We use software for freehand sketches and high end software for 3D modelling, mould design and electrodes for spark erosion. Our tool room is equipped with optical profile grinder, jig grinding, CNC wire EDM, CNC milling, CNC spark erosion, milling machine, Vaccum heat treatment furnace, Video measuring instruments with microscope and profile projectors, comparator, hardness testers and bore micro-meters. Our strong in-house design division is actively engaged in design validation and optimization, analysis and proto types employs engineers with skill sets. The aforementioned design and development capabilities enable us to develop new products and modify our existing range of products to meet the requirements of our customers and the automotive and aerospace industry in general.

We have a battery of 15 high/ medium speed mechanical presses ranging from 15 tonnes to 110 tonnes capable of producing parts at more than 700 strokes per minute. We employ trained tool makers from all over India who consistently deliver high quality tools with a long life.

We make quality assured products as per customer requirements defined in terms of quality and delivery to ensure their complete satisfaction by achieving the end results desired by the customers. We have received the quality management system certification AS9100D and ISO 9001:2015 and IATF 16949 for manufacture of stamped parts and pressed tools and ISO 9001:2015 quality management system certification for manufacturing of press tools, stamping parts, injection molding parts and sub assemblies for our Eigen division located at Bengaluru, Karnataka.

Raw materials and suppliers:

The principal raw materials used in our manufacturing facilities include cold rolled steel strips, aluminium and aluminium alloys, stainless steel, alloy strips, brasswire rods, alloy steel tubes, nickel strips, brass strips, copper strips and beryllium copper alloy strips etc. We procure all these raw materials from third party suppliers at spot rate. We do not have any long term agreements with any of our raw material suppliers and we purchase such raw materials on spot order basis. While we do not have any long term contracts with any of our raw material suppliers, we have maintained a long term relationship with each of these major suppliers.

C. Packaging business

In our non-primary business we are involved in the business of ornamental packing boxes to watch manufacturers, jewellers and writing instruments. Packaging box manufacturing is a very small part of overall business of our Company which has contributed to less than 3 per cent of total consolidated revenue for the Fiscal 2020.

ENVIRONMENT, HEALTH AND SAFETY

We are committed to protecting the environment in the course of conducting our operations. We are committed to providing a safe workplace for our employees and subcontractors. We endeavour to comply with the environmental, health and safety regulations of countries where we work. We are committed to carrying out our operations in an environmentally safe and responsible manner. To achieve this, we seek to ensure compliance with all applicable environmental laws and regulations by providing appropriate resources and infrastructure.

EMPLOYEES

As on December 31, 2020, we had 1,355 permanent full time employees at our manufacturing facilities and corporate office. In addition, we also regularly engage staff on a contract basis, based on the requirements of our manufacturing units. The skill sets of our employees give us the flexibility to adapt to the needs of our clients and the technical requirements of the various projects that we undertake.

The detailed break-up of our employees is as under:

Department/Grade/location	December 31, 2020
Finance/ Commercial	33
Human Resources	16

Department/Grade/location	December 31, 2020
Administration	40
Information Technology	8
Sales and Marketing	30
Production	724
Quality	80
Planning	62
Purcahse and Store	18
Maintenance	62
Workers	282
Total	**1,355**

As of December 31, 2020, we have also employed around 282 contract labourers at our manufacturing facilities.

OUR MANAGEMENT AND ORGANISATIONAL STRUCTURE

OUR BOARD OF DIRECTORS

As per the Articles of Association and subject to the provisions of the Companies Act, our Company is required to have not less than three Directors and not more than fifteen Directors, unless otherwise determined by our Company through a special resolution. As on the date of this Letter of Offer, our Board comprises of 8 (Eight) Directors, of which 2 (two) Directors are Executive Directors and 6 (six) Directors are Non-Executive Directors including 1 Nominee Director and 4 (four) Independent Directors out of which 1 (one) is a woman Director. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

The following table sets forth the details regarding our Board as on the date of this Letter of Offer:

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age (in years)	Other Directorships
1.	**Yashovardhan Saboo** **Address:** H. No. 1, Sector 5, Chandigarh-160009, India **Designation:** Chairman and Managing Director (Executive and Non-Independent) **Occupation:** Industrialist **DIN:** 00012158 **Term:** Three years with effect from April 1, 2020 up to March 31, 2023 **Period of Directorship:** Director since March 25, 1981 **Nationality:** Indian	62	i All India Federation of Horological Industries; ii Ethos Limited; iii Kamla Tesio Dials Limited; iv Mahen Distribution Limited; v Satva Jewellery and Design Limited; vi VBL Inovations Private Limited; and vii Pasadena Retail Private Limited.
2.	**Sanjeev Kumar Masown** **Address**: H no. 3323, Sector 35 D, Chandigarh-160022, India **Designation**: Whole Time Director (Executive Director) **Occupation**: Service **DIN**: 03542390 **Term**: Three years with effect from May 31, 2018 up to May 30, 2021 **Period of Directorship**: Director since May 30, 2016 **Nationality**: Indian	51	i Kamla Tesio Dials Limited ii Satva Jewellery and Design Limited

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age (in years)	Other Directorships
3.	**Jai Vardhan Saboo** **Address:** 1731, Kirby Road, McLean, VA **Designation:** Director (Non-Executive and Non-Independent) **Occupation:** Industrialist **DIN:** 00025499 **Term:** Liable to retire by rotation **Period of Directorship:** Director since December 12, 2016 **Nationality:** United States of America	57	NIL
4.	**Vishal Satinder Sood** **Address:** B-902, Central Park-1, Golf Course Road, Sector-42, Gurgaon- 122002, Haryana, India **Designation:** Nominee Director (Non-Executive) **Occupation:** Service **DIN:** 01780814 **Term:** Liable to retire by rotation **Period of Directorship:** Director since September 2, 2015 **Nationality:** Indian	48	i. Lightfoot Consulting Private Limited ii. Pennar Industries Limited iii. Emtex Engineering Private Limited iv. Saif Advisors Private Limited
5.	**Anil Khanna** **Address:** House No. 515, Sector 36-B, Chandigarh-160036, India **Designation:** Director (Non-Executive and Independent) **Occupation:** Practicing Chartered Accountant **DIN:** 00012232 **Term:** Five years with effect from August 6, 2019 up to August 5, 2024 **Period of Directorship:** Director since	61	i Ethos Limited

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age (in years)	Other Directorships
	December 22, 2004 **Nationality:** Indian		
6.	**Sanjiv Sachar** **Address:** A-19, New Friends Colony, Delhi – 110025, India **Designation:** Director (Non-Executive and Independent) **Occupation:** Consultant **DIN:** 02013812 **Term:** Five years with effect from March 7, 2017 up to March 6, 2022 **Period of Directorship:** Director since March 7, 2017 **Nationality:** Indian	63	i HDFC Bank Limited
7.	**Ranjana Agarwal** **Address:** C - 62, South Extenstion Part – II, New Delhi-110049, Delhi, India **Designation:** Director (Non-Executive and Independent) **Occupation:**Practicing Chartered Accountant **DIN:** 03340032 **Term:** Five year with effect from August 6, 2019 up to August 5, 2024 **Period of Directorship:** Director since September 9, 2013 **Nationality:** Indian	64	i PNB Metlife India Insurance Company Limited; ii Indo Rama Synthetics (India) Limited; iii RBL Bank Limited; iv Ugro Capital Limited; v Joyville Shapoorji Housing Private Limited; vi ICRA Analytics Limited; and vii ICRA Limited.
8.	**Praveen Gupta** **Address:** B9/11, 2^{nd} Floor, DLF City Phase- 1, Gurgaon-122002, Haryana, India **Designation:** Director (Non-Executive and Non -Independent) **Occupation:** Business Executive	65	NIL

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age (in years)	Other Directorships
	DIN: 01885287 **Term:** Liable to retire by rotation **Period of Directorship:** Director since November 8, 2014 **Nationality:** Indian		

Details of directorship in companies suspended or delisted

None of our Directors is, or was a director of any listed company during the last five years preceding the date of filing of this Letter of Offer, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been, or was delisted from any stock exchange during the term of their directorship in such company.

OUR KEY MANAGEMENT PERSONNEL

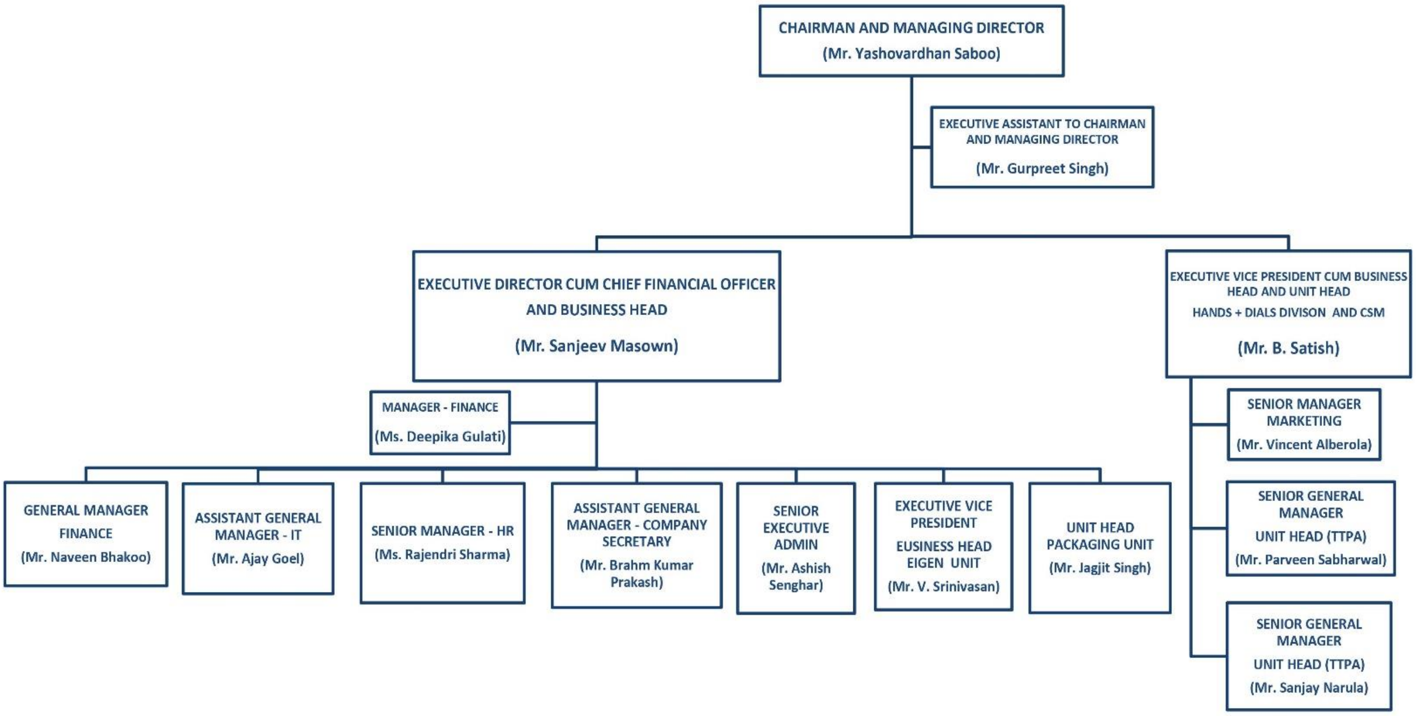
The Details of our Key Managerial Personnel are as follows:

Sanjeev Masown, aged 51 years, is the Whole-time Director and Chief Financial Officer of our Company. He joined our Company on March 1, 2011 as Chief Financial Officer of our Company.

Brahm Prakash Kumar, aged 41 years, is the Company Secretary and Compliance Offer of our Company. He was appointed as Company Secretary and Compliance Officer of our Company with effect from June 1, 2018.

All our Key Managerial Personnel are permanent employees of our Company.

ORGANISATION STRUCTURE


CHAIRMAN AND MANAGING DIRECTOR
(Mr. Yashovardhan Saboo)
EXECUTIVE ASSISTANT TO CHAIRMAN AND MANAGING DIRECTOR
(Mr. Gurpreet Singh)
EXECUTIVE DIRECTOR CUM CHIEF FINANCIAL OFFICER AND BUSINESS HEAD
(Mr. Sanjeev Masown)
EXECUTIVE VICE PRESIDENT CUM BUSINESS HEAD AND UNIT HEAD
HANDS + DIALS DIVISON AND CSM
(Mr. B. Satish)
MANAGER - FINANCE
(Ms. Deepika Gulati)
SENIOR MANAGER MARKETING
(Mr. Vincent Alberola)
GENERAL MANAGER FINANCE
(Mr. Naveen Bhakoo)
ASSISTANT GENERAL MANAGER - IT
(Mr. Ajay Goel)
SENIOR MANAGER - HR
(Ms. Rajendri Sharma)
ASSISTANT GENERAL MANAGER - COMPANY SECRETARY
(Mr. Brahm Kumar Prakash)
SENIOR EXECUTIVE ADMIN
(Mr. Ashish Senghar)
EXECUTIVE VICE PRESIDENT
EUSINESS HEAD EIGEN UNIT
(Mr. V. Srinivasan)
UNIT HEAD PACKAGING UNIT
(Mr. Jagjit Singh)
SENIOR GENERAL MANAGER
UNIT HEAD (TTPA)
(Mr. Parveen Sabharwal)
SENIOR GENERAL MANAGER
UNIT HEAD (TTPA)
(Mr. Sanjay Narula)

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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World Mark - 2, Asset No. 8
IGI Airport Hospitality District, Aerocity
New Delhi - 110 037, India
Tel : +91 11 4681 9500

INDEPENDENT AUDITOR'S REPORT

To the Members of KDDL Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of KDDL Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint venture comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

(a) The Ind AS consolidated financial statements of the Company for the year ended March 31, 2019 were audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 28, 2019. We draw attention to Note 50 to the consolidated Ind AS financial statements, which describes the impact of the errors in computation of capital reserve on acquisition of a subsidiary (Estima AG) acquired during the financial year ended March 31, 2019 in the consolidated Ind AS financial statements for the year ended March 31, 2019, the rectification whereof has resulted in the restatement of "Capital Reserve" and consequential impact in "Retained Earnings", "Legal Reserve", "Amalgamation Reserve", and "Revaluation Surplus" in the consolidated financial statements of the Company which led to a restatement of the Consolidated Ind AS financial statements as at March 31, 2019. The above errors have resulted in decrease in the value of Capital Reserve by INR 4,496.23 lakhs and consequential impact of increase in "Retained Earnings" by INR 6,167.99 lakhs, decrease in "Legal Reserve" by INR 121.64 lakhs, decrease in "Amalgamation Reserve" by INR 911.32 lakhs, and

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decrease in "Revaluation Surplus" by INR 638.80 lakhs. Further, there is no impact on the consolidated profit before tax for the year ended March 31, 2019.

Our opinion is not qualified in respect of this matter.

(b) We draw attention to Note 51 to the consolidated Ind AS financial statements, which describes that as per management's assessment the recoverable amount of net assets of Estima AG is in excess of carrying amount thereof as at March 31, 2020. The auditors of Estima AG has also included an Emphasis of Matter in their audit opinion on the financial information of Estima AG for the period ended March 31, 2020.

Our opinion is not qualified in respect of this matter.

(c) We draw attention to Note 56 to the consolidated Ind AS Financial Statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Inventory *(as described in Note 53 of the consolidated Ind AS financial statements)*	
Ethos Limited, a subsidiary of the Holding Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services.. The total value of inventory as at March 31, 2020 is Rs. 21,867.57 lakhs. These inventories mainly consist of watches at various stores of the company. The company has a plan wherein inventory is physically verified on a periodic basis to ascertain the existence of inventory. Also, the company's management reviews the inventory age listing to identify slow-	Our audit procedures amongst others included the following: • We evaluated the design and tested the implementation of internal controls relating to physical inventory counts on a test basis, valuation of inventory and allowances for inventory; • We have reviewed the physical verification reports for the verification conducted by the management during the year. • Observed the stock take process at few stores post year end and reviewed the rollback reconciliation of stock to reconcile with the inventory as at March 31, 2020.We read and assessed Group's accounting policy with regard to inventories and

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Key audit matters	How our audit addressed the key audit matter
moving and obsolete inventories and then estimates the amount of allowance. We have identified inventory existence and allowance of inventories as a key audit matter due to additional risk on account of number of stores at which inventory is kept and due to judgement exercised by the company's management in identifying the slow-moving and obsolete inventories and assessing the amount of allowance for inventories considering the nature of the retail industry.	its compliance with applicable accounting standards. • We analyzed the ageing and quantitative movement to analyze any significant variances. • We understood how the company's management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories. • We performed the substantive testing on the quantitative movement of inventory by selecting samples of sales and purchases made at the retail outlets and also tested the underlying sales to collection reports and bank statements. • We assessed and tested, on sample basis, the value at which the inventory is valued i.e. lower of cost or net realizable value after considering post period sales data, retrospective review of provision for inventory obsolescence, actual write offs, compared whether the watches have a continuing active market and obtain management representation for future saleability. • We read and assessed the relevant disclosures related to inventories in the consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<u>Adoption of Ind AS 116 Leases</u> *(as described in Note 45 of the consolidated Ind AS financial statements)*	
As described in Note 45 to the consolidated Ind AS financial statements, the Group, its associate and Joint venture have adopted Ind AS 116 Leases (Ind AS 116) in the current year. In case of one of the subsidiary company, namely, Ethos Limited, the application and transition to this accounting standard is complex and is an area of focus in our audit since the company has a large number of leases with different contractual terms. Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by	Our audit procedures included the following: • We assessed and tested processes and controls designed and implemented by the Group in respect of the lease accounting standard (Ind AS 116); • We assessed the Group's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business; • We have evaluated the method of transition and related adjustments; • We tested the lease data by reviewing the reconciliation of company's operating lease commitments to data used in computing the ROU asset and the lease liabilities provided by the management; • We read and assessed the key terms and conditions of each lease with the underlying lease contracts;

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Key audit matters	How our audit addressed the key audit matter
discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. We have identified adoption of leases as a key audit matter as the application and transition to this accounting standard is complex considering the number of leases with different contractual terms.	• We have evaluated the computation of lease liabilities and assessed the underlying assumptions, estimates including the applicable discount rates and the lease term. • We assessed the Group's presentation and disclosures related to Ind AS 116 including disclosures related to transition in the consolidated Ind AS financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of

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preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

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

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

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

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

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business activities within the Group and its associate and joint venture of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of 4 subsidiaries, whose Ind AS financial statements include total assets of Rs 4,723.43 lakhs as at March 31, 2020, and total revenues of Rs 2,371.30 lakhs and net cash outflows of Rs 101.08 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 33.03 lakhs for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 1 associate and 1 joint venture, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate, and our report in terms of sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associate, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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(b) The consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 28, 2019.

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

(d) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 2 subsidiaries, whose financial statements and other financial information reflect total assets of Rs 3,185.00 lakhs as at March 31, 2020, and total revenues of Rs 1,007.59 lakhs and net cash outflows of Rs 170.42 lakhs for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management and reviewed by the other auditors under generally accepted auditing standards applicable in their respective countries. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-Section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate company and joint venture, none of the directors of the Group's companies, its associate and joint venture, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

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

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

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint venture, as noted in the 'Other matters' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associate and joint venture in its consolidated Ind AS financial statements – Refer Note 41(ia) to the consolidated Ind AS financial statements;

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

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associate and joint venture, incorporated in India during the year ended March 31, 2020.

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

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

S.R. BATLIBOI & CO. LLP * NEW DELHI *

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of KDDL Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of KDDL Limited (hereinafter referred to as the "Holding Company") and its subsidiary company , which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of its report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

S.R. BATLIBOI & CO. LLP
NEW DELHI

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

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

S.R. BATLIBOI & CO. LLP NEW DELHI

KDDL Limited
Consolidated Balance sheet as at 31 March 2020
(All amount are in Indian Rupees Lakhs, except for share data)

	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	3	15,859.60	14,321.44
Capital work-in-progress	3	289.81	684.04
Intangible assets	4	81.10	84.79
Intangible assets under development	4	5.61	38.21
Right-of-use assets	45	10,956.92	-
Equity accounted investees	5	95.10	28.14
Financial assets			
- Investments	6	47.73	49.03
- Loans	7	1,019.63	1,237.55
- Other financial assets	8	128.93	119.99
Income tax asset (net)	9	371.56	627.42
Deferred tax assets (net)	10	722.51	633.82
Other non-current assets	11	340.82	563.30
Total non-current assets		29,919.32	18,387.72
Current assets			
Inventories	12	25,271.58	23,994.28
Financial assets			
- Trade receivables	13	2,849.25	3,113.97
- Cash and cash equivalents	14	2,278.78	1,596.50
- Other bank balances	15	567.41	636.36
- Loans	7	802.85	476.70
- Other financial assets	8	663.98	587.16
Other current assets	16	3,366.63	3,094.10
Total current assets		35,800.48	33,499.07
Total assets		65,719.80	51,886.79
Equity and Liabilities			
Equity			
Equity share capital	17	1,173.72	1,172.07
Other equity	18	17,401.78	17,912.49
Equity attributable to owners of the Company		18,575.50	19,084.56
Non-controlling interests	39	4,165.19	4,414.75
Total equity		22,740.69	23,499.31
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	19	8,014.00	6,724.77
- Lease liabilities	45	8,540.95	-
- Other financial liabilities	20	209.31	108.53
Provisions	21	236.33	123.61
Deferred tax liabilities (net)	10	505.86	415.64
Total non-current liabilities		17,506.45	7,372.55
Current liabilities			
Financial liabilities			
- Borrowings	19	7,430.18	6,194.57
- Lease liabilities	45	2,092.92	-
- Trade payables	22		
- total outstanding dues of micro enterprises and small enterprises		76.98	55.01
- total outstanding dues of creditors other than micro enterprises and small enterprises		8,649.14	8,406.66
- Other financial liabilities	20	5,264.03	4,584.00
Other current liabilities	23	1,378.84	940.96
Provisions	21	511.04	400.23
Current tax liabilities (net)	24	69.53	433.48
Total current liabilities		25,472.66	21,014.92
Total liabilities		42,979.11	28,387.47
Total equity and liabilities		65,719.80	51,886.79
Significant accounting policies	2		
Notes to the consolidated Ind AS financial statements	3-57		

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

As per our report of even date

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

Anil Gupta
Partner
Membership No. 87921

S.R. BATLIBOI & CO. LLP * NEW DELHI *

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: New Delhi
Date: 27 June 2020

Place: Chandigarh
Date: 27 June 2020

KDDL Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2020
(All amount are in Indian Rupees Lakhs, except for share data)

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

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

As per our report of even date

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

Anil Gupta
Partner
Membership No. 87921

S.R. BATLIBOI & CO. LLP * NEW DELHI *

Place: New Delhi
Date: 27 June 2020

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place: Chandigarh
Date: 27 June 2020

KDDL Limited
Consolidated Statement of changes in equity for the year ended 31 March 2020
(All amount are in Indian Rupees Lakhs, except for share data)

a. **Equity share capital**

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

b. **Other equity**

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

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

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

As per our report of even date

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

Anil Gupta
Partner
Membership No. 87921

S.R. BATLIBOI & CO. LLP * NEW DELHI *

Place: New Delhi
Date: 27 June 2020

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place: Chandigarh
Date: 27 June 2020

KDDL Limited
Consolidated Cash Flow Statement for the year ended 31 March 2020
(All amount are in Indian Rupees Lakhs, except for share data)

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from operating activities		
Profit before income tax	510.71	4,041.52
Adjustments for :		
Depreciation and amortisation expenses	4,806.05	1,312.82
Net loss on sale of property, plant and equipment	16.52	-
Property, plant and equipment written off	85.02	8.86
Advances / deposits / bad debts written off	67.10	38.40
Interest expense	2,834.85	1,403.61
Interest income	(265.81)	(160.51)
Dividend income*	0.31	0.36
Share of loss of equity accounted investees (net of income tax, if any)	33.03	-
Liabilities / provision no longer required written back	(156.12)	-
Expense on employee stock option scheme	(34.45)	-
Expected credit loss on trade receivables	85.08	-
Provision for Sale Returns	34.60	-
Service tax deposit and credit written off	218.56	-
Unrealised foreign exchange loss/(gain)	(27.90)	-
Change in fair value of derivative contracts	104.11	(29.76)
Net change in fair value of financial assets (at FVTPL)	1.29	-
Effect of exchange rates on translation of operating cash flows	134.05	(23.72)
Operating cash flow before working capital changes	8,447.00	6,591.58
Changes in working capital:		
(Increase) in loans	(108.23)	(209.64)
(Increase) in other financial assets	(155.78)	(542.51)
(Increase) decrease in other current and non current assets	(819.35)	178.08
(Increase) in inventories	(1,277.30)	(3,724.40)
Decreae in trade receivables	270.56	248.41
Increase in provisions	151.05	18.66
(Decrease)/increase in trade payables	226.09	(362.71)
Increase/ (decrease) in other financial liabilities	(69.82)	523.06
(Decrease) / increase in other current liabilities	535.66	(349.34)
Cash generated from operating activities	7,199.88	2,371.19
Income tax (paid), net	(792.83)	(1,576.60)
Net cash generated from operating activities (A)	6,407.05	794.59
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances, capital creditors)	(3,387.32)	(3,699.01)
Proceeds from sale of property, plant and equipment	92.80	8.83
Investment in equity accounted investees	(100.00)	649.90
Fixed deposit placed/matured (net)	61.20	147.71
Interest received	253.76	180.91
Dividend received	0.31	0.36
Net cash (used) in investing activities (B)	(3,079.25)	(2,711.30)
Cash flow from financing activities		
Proceeds from issue of share capital (inlcuding premium)	19.80	3,859.59
Share issue expense	-	(36.22)
Proceeds from non-current borrowings	5,141.02	2,574.82
Repayment of non-current borrowings	(3,463.35)	(2,119.57)
Proceeds from/repayments of current borrowings (net)	941.51	(183.02)
Proceeds from current borrowings having maturity period more than 3 months	509.77	100.89
Repayment of current borrowings having maturity period more than 3 months	(215.67)	(77.71)
Lease payments made	(3,381.20)	-
Interest paid	(1,565.87)	(1,395.12)
Dividend paid on equity shares	(523.84)	(280.42)
Dividend distribution tax paid on dividend	(107.68)	(57.64)
Net cash (used)/flow generated from financing activities (C)	(2,645.51)	2,385.60
Net increase in cash and cash equivalents (A+B+C)	682.28	468.90
Cash and cash equivalents at the beginning of year	1,596.50	1,127.60
Cash and cash equivalents at the end of year (see below)	2,278.78	1,596.50

S.R. BATLIBOI & CO. LLP * NEW DELHI * SRB

Notes:

1. Components of cash and cash equivalents:

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

2. The above cash flow statement has been prepared under the indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on "Statement of Cash Flows". Also, refer to note 2(t).

3. Refer note to 19 for reconciliation of movements of liabilities to cash flows arising from financing activities.

4. During the year, the Group paid in cash Rs. 44.53 (previous year: Rs. 26.13) towards corporate social responsibility (CSR) expenditure (included in Corporate social responsibility expenditure - Refer to note 33(a)).

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

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

As per our report of even date

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

Anil Gupta
Partner
Membership No. 87921

S.R. BATLIBOI & CO. LLP
NEW DELHI

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: New Delhi
Date: 27 June 2020

Place: Chandigarh
Date: 27 June 2020

KDDL Limited
Notes to the Consolidated Ind AS Financial Statements as at and for the year ended 31 March 2020
(All amount are in Indian Rupees Lakhs, except for share data)

3 Property, plant and equipment and capital work-in-progress

Gross carrying amount	Freehold land	Leasehold land	Buildings*	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment**	Vehicles	Total	Capital work in progress
Balance as at 1 April 2018	133.90	577.80	1,362.92	1,005.67	5,649.26	1,125.37	209.11	355.34	10,419.37	2,391.55
Additions	-	-	2,712.77	471.87	1,460.38	361.80	112.02	89.03	5,207.87	1,751.92
Adjustment pursuant to acquisition (refer to note 38)	513.16	-	1,000.91	-	556.23	10.02	17.89	9.30	2,107.51	-
Disposals	-	-	-	-	(10.51)	(2.68)	(14.82)	(7.44)	(35.45)	(3,459.43) #
Exchange differences on translation	(11.77)	-	(20.00)	-	(8.83)	(0.09)	(0.43)	(0.15)	(41.27)	-
Balance as at 31 March 2019	**635.29**	**577.80**	**5,056.60**	**1,477.54**	**7,646.53**	**1,494.42**	**323.77**	**446.08**	**17,658.03**	**684.04**
Balance as at 1 April 2019	635.29	577.80	5,056.60	1,477.54	7,646.53	1,494.42	323.77	446.08	17,658.03	684.04
Additions	-	-	332.17	1,018.61	1,224.34	855.19	149.18	23.82	3,603.31	611.24
Reclassified to right-of-use assets (refer to note 45)	-	(577.80)	-	-	-	-	-	-	(577.80)	-
Disposals	-	-	-	(135.95)	(48.02)	(84.01)	(55.06)	(9.23)	(332.27)	(1,005.47) #
Exchange differences on translation	74.78	-	186.50	-	159.71	24.92	3.19	2.67	451.77	-
Balance as at 31 March 2020	**710.07**	**0.00**	**5,575.27**	**2,360.20**	**8,982.56**	**2,290.52**	**421.08**	**463.34**	**20,803.04**	**289.81**

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

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

Notes:

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

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

c. The Parent Company and the subsidiary company, Ethos Limited have capitalized the following expenses of revenue nature to the cost of property, plant and equipment/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Parent Company and the subsidiary company.

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

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	Year ended 31 March 2020	Year ended 31 March 2019
Rent	107.78	137.69
Power and Fuel	3.50	0.94
Rates and Taxes	10.53	20.30
Repairs and maintenance - others (Common Area Maintenance Charge)	9.11	11.81
Miscellaneous Expenses	3.60	13.32
Expenses capitalized by the Subsidiary Company	**134.52**	**184.07**

d. Deletion amount includes for re-imbursement received for property, plant and equipment of Rs. 49.58 from brands.

*Includes capitalised borrowing costs related to the construction of the new factory amounted to Rs. 6.74 (previous year: Rs. 131.59).
Represents capital-work-in-progress capitalized during the year.
**Including block of computers.

4 Intangible assets and Intangible assets under development

Gross carrying amount

	Technical know-how	Softwares	Web portal	Total	Intangible Assets under development
Balance as at 1 April 2018	4.16	159.80	13.03	176.99	9.47
Additions	18.40	22.80	-	41.20	28.74
Disposals	-	7.17	13.03	20.20	-
Balance as at 31 March 2019	22.56	175.43	-	197.99	38.21
Balance as at 1 April 2019	22.56	175.43	-	197.99	38.21
Additions	45.28	11.52	-	56.80	11.07
Disposals	-	6.79	-	6.79	43.67
Balance as at 31 March 2020	67.85	180.16	-	248.01	5.61

Accumulated amortisation

	Technical know-how	Softwares	Web portal	Total	Intangible Assets under development
Balance as at 1 April 2018	4.16	80.04	9.33	93.53	-
Amortisation for the year	2.30	35.42	-	37.72	-
Disposals	-	8.72	9.33	18.05	-
Balance as at 31 March 2019	6.46	106.74	-	113.20	-
Balance as at 1 April 2019	6.46	106.74	-	113.20	-
Amortisation for the year	9.99	48.90	-	58.89	-
Disposals	-	5.18	-	5.18	-
Balance as at 31 March 2020	16.45	150.46	-	166.91	-

Carrying amounts (net)

	Technical know-how	Softwares	Web portal	Total	Intangible Assets under development
At 31 March 2019	16.10	68.69	-	84.79	38.21
At 31 March 2020	51.40	29.70	-	81.10	5.61

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	As at 31 March 2020	As at 31 March 2019
5 Equity accounted investees		
Non-current investments		
Unquoted investments (fully paid up)		
Investment in equity shares (at cost)		
of Associate:		
- Kamla Tesio Dials Limited, 300,000 (31 March 2019: 300,000) equity shares of Rs. 10 each fully paid up	28.53	28.14
of Joint venture:		
- Pasadena Retail Private Limited, 10,00,000 (31 March 2019: Nil) equity shares of Rs. 10 each fully paid up	66.57	-
	95.10	28.14

See accounting policies in Notes 2.2(b)(v).

	Note	As at 31 March 2020	As at 31 March 2019
Interest in associate	(a)	28.53	28.14
Interest in joint venture	(b)	66.57	-
		95.10	28.14

(a) The following table summarizes the financial information and the carrying amount of the Group's interest in associates:

Name of associate	Principal activity	Principal place of business	Percentage ownership interest As at 31 March 2020	Percentage ownership interest As at 31 March 2019
Kamla Tesio Dials Limited	Manufacture of dials and accessories	India	30%	30%

Current assets [including cash and cash equivalents of Rs. 28.26 (31 March 2019: Rs. 12.45)]	38.93	25.72
Non-current assets	56.70	68.80
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. 0.52 (31 March 2019: Rs. 0.72)]	0.53	0.72
Net assets	95.10	93.80
Group's share of net assets (31 March 2020: 30%, 31 March 2019: 30%)	28.53	28.14
Carrying amount of the interest in associate	28.53	28.14

	Year ended 31 March 2020	Year ended 31 March 2019
Other income	6.00	6.00
Employee benefit expense	(3.12)	(3.41)
Depreciation and amortisation expense	-	(0.24)
Other expenses	(1.57)	(3.06)
Profit/(loss) for the year	1.31	(0.71)
Other comprehensive income	-	-
Total comprehensive income/(loss)	1.31	(0.71)
Group's share of profit (30%)	0.39	(0.21)
Group's share of other comprehensive income/(loss) (30%)	-	-
Group's share of total comprehensive income/(loss)	0.39	(0.21)

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(b) The following table summarizes the financial information and the carrying amount of the Group's interest in joint venture:

Name of joint venture	Principal activity	Principal place of business	Percentage ownership interest As at 31 March 2020	Percentage ownership interest As at 31 March 2019
Pasadena Retail Private Limited	Trading of luxury watches	India	50%	0%

	As at 31 March 2020	As at 31 March 2019
Current assets [including cash and cash equivalents of Rs. 4.01 (31 March 2019: Rs. Nil)]	563.13	-
Non-current assets	398.22	-
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. 172.19 (31 March 2019: Rs. Nil)]	564.16	-
Non-current liabilities	264.05	-
Net assets	133.14	-
Group's share of net assets (50%)	66.57	-
Carrying amount of the Company's interest in joint venture*	66.57	-

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	291.68	-
Other income	1.54	-
Purchases of stock-in-trade	(699.51)	-
Changes in inventories of stock-in-trade	469.94	-
Depreciation and amortisation expense	(47.37)	-
Finance costs	(35.71)	-
Other expenses	(47.42)	-
(Loss) for the year	(66.86)	-
Other comprehensive income	-	-
Total comprehensive (loss)	(66.86)	-
Group's share of profit (50%)	(33.43)	-
Group's share of other comprehensive income (50%)	-	-
Group's share of total comprehensive income	(33.43)	-

*On 03 May 2019, the Ethos Limited entered into Joint Venture arrangement with Pasadena Retail Private Limited by acquiring 5,00,000 fully paid up equity shares of Rs.10 each, from its promoter Mr. Yashovardhan Saboo and on 10 January 2020, the Company has invested an amount of Rs. 50 lakhs towards Rights Issue subscription of 5,00,000 fully paid up equity shares of Rs.10 each of its Joint Venture arrangement with Pasadena Retail Private Limited.

6 Investments	As at 31 March 2020	As at 31 March 2019
Non-current investments		
Unquoted investments (fully paid up)		
Other Companies (Fair value through Statement of Profit and Loss):		
- Karolview Developers Private Limited 5,00,000 (31 March 2019: 5,00,000) equity shares of Rs.10 each fully paid up	44.15	45.80
- Shivalik Waste Management Limited 17,500 (31 March 2019: 17,500) equity shares of Rs. 10 each fully paid up	3.58	3.23
	47.73	49.03
Aggregate amount of unquoted investments	47.73	49.03

7 Loans *(Loans receivables considered good - Unsecured)*	Non-Current As at 31 March 2020	Non-Current As at 31 March 2019	Current As at 31 March 2020	Current As at 31 March 2019
Security deposits				
- to related parties (refer to note 43)	-	2.00	-	-
- to others	934.07	1,138.77	730.64	412.49
Loan to employees				
- to related parties (refer to note 43)	22.17	28.44	8.13	6.08
- to others	63.39	68.34	64.08	58.13
	1,019.63	1,237.55	802.85	476.70

8 Other financial assets	Non-current As at 31 March 2020	Non-current As at 31 March 2019	Current As at 31 March 2020	Current As at 31 March 2019
Deposit accounts with original maturity more than 12 months**	128.77	113.98	-	-
Derivatives financial instruments (Fair value through Statement of Profit and Loss)	-	-	-	29.76
Interest accrued but not due on deposits	0.16	6.01	29.99	12.09
Recoverable from related parties (refer to note 43)	-	-	0.53	-
Recoverable from / balance with government authorities	-	-	76.20	85.58
Recoverable from others	-	-	557.26	459.73
	128.93	119.99	663.98	587.16

**These deposits include restricted bank deposits amounting to Rs. 121.66 (31 March 2019: Rs. 107.83) on account of deposits pledged as security for bank guarantees and security for deposits from shareholders.

9 Income tax asset (net)	As at 31 March 2020	As at 31 March 2019
Advance income-tax (net of provision)	371.56	627.42
	371.56	627.42

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10 Deferred tax asset / (liabilities) (net)

	As at 31 March 2020	As at 31 March 2019
Deferred tax assets on		
- Expected credit loss allowance and Provision for sales return	29.92	0.24
- Provision for warranties	-	6.02
- Provision for employee benefits	205.53	230.01
- Other provisions	139.23	202.92
- Intercompany stock elimination	(7.29)	-
- Lease liabilities and Right of use assets (Net)	169.64	-
- Minimum alternate tax credit entitlement	1.89	1.89
- Others	12.77	-
Deferred tax assets (A)	551.69	441.08
Deferred tax liability on		
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books (net)	356.69	214.23
- MTM (loss)/Gain on foreign exchange contracts	(21.65)	8.67
Deferred tax liability (B)	335.04	222.90
Net deferred tax asset / (liabilities) (A - B)	216.65	218.18
Aggregate of net deferred tax assets jurisdictions	722.51	633.82
Aggregate of net deferred tax liabilities jurisdictions	(505.86)	(415.64)
Net deferred tax asset / (liabilities)	216.65	218.18

2018-2019	As at 1st April 2018	Recognized in profit or loss during the year	Recognized 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	165.85	36.45	27.71	230.01
- Other provisions	81.52	121.40	-	202.92
- Minimum alternate tax credit entitlement	1.89	-	-	1.89
- Others	64.17	(64.17)	-	-
	127.60	62.87	27.71	218.18

2019-2020	As at 1 April 2019	Recognized in profit or loss during the year	Recognized in other comprehensive income	As at 31 March 2020
- Excess depreciation as per Income Tax Act, 1961 over depreciation as per books	(214.23)	(142.46)	-	(356.69)
- MTM Gain on foreign exchange contracts	(8.67)	30.32	-	21.65
- Expected credit allowance	0.24	29.68	-	29.92
- Provision for warranties	6.02	(6.02)	-	-
- Intercompany stock elimination	-	(7.29)	-	(7.29)
- Provision for employee benefits	230.01	(45.48)	21.00	205.53
- Other provisions	202.92	(63.69)	-	139.23
- Lease liabilities and Right of use assets (Net)	-	169.64	-	169.64
- Minimum alternate tax credit entitlement	1.89	-	-	1.89
- Others	-	12.77	-	12.77
	218.18	(22.53)	21.00	216.65

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

11 Other non-current assets
(Unsecured and considered good)

	As at 31 March 2020	As at 31 March 2019
Capital advances		
- to others	182.48	143.38
- Prepaid expenses	30.21	198.30
- Recoverable from / balance with government authorities	128.13	218.56
- Deposit under protest	-	3.06
	340.82	563.30

12 Inventories
(at lower of cost and net realizable value)

	As at 31 March 2020	As at 31 March 2019
Raw materials*	1,890.11	1,745.04
Work-in-progress	928.64	1,088.49
Finished goods**	194.96	115.91
Stock in trade**	21,941.01	20,699.68
Stores and spares	300.31	345.16
Scrap	16.55	-
	25,271.58	23,994.28
*Includes goods-in-transit:		
- Raw materials	29.16	1.54
- Stock in trade	116.57	214.66
**The write down of inventories during the year amounted to:		
- Finished goods	4.82	16.00
- Stock in trade	-	67.62

13 Trade receivables
(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Trade receivables	2,994.91	3,139.95
Less : Allowance for expected credit loss	(111.06)	(25.98)
Less : Provision for sales returns	(34.60)	-
	2,849.25	3,113.97
Break-up of security details		
Trade receivable considered good - Secured	-	-
Trade receivable considered good - Unsecured	2,883.85	3,113.97
Trade Receivables which have significant increase in Credit Risk	111.06	25.98
Trade receivable -credit impaired	-	-
	2,994.91	3,139.95
Less : Allowance for expected credit loss	(111.06)	(25.98)
Less : Provision for sales returns	(34.60)	-
Total trade receivables	2,849.25	3,113.97

14 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Balances with banks		
- in current accounts	2,194.00	1,094.97
Remittances-in-transit	0.14	-
Cheques, drafts on hand	4.86	304.88
Cash on hand	70.80	107.68
Others		
- credit cards receivable	8.98	88.97
	2,278.78	1,596.50

15 Other bank balances

	Note	As at 31 March 2020	As at 31 March 2019
Deposit accounts with original maturity more than 3 months and up to 12 months from the reporting date	(a)	535.66	611.65
Balance in unclaimed dividend accounts		31.75	24.71
		567.41	636.36

Note:
(a) These deposits include restricted bank deposits amounting to Rs. 510.76 (31 March 2019: Rs. 607.21) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.

16 Other current assets
(Unsecured and considered good)

	As at 31 March 2020	As at 31 March 2019
Recoverable from / balance with government authorities	2,280.22	2,207.47
Advances for supply of goods and services	772.09	569.89
Advances to employees (refer to note 43 for related party disclosure)	102.43	129.79
Other advances	35.41	6.07
Deposit under protest	68.86	44.76
Prepaid expenses	107.62	136.12
	3,366.63	3,094.10

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

17 Equity share capital

(i) *Details of share capital*

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Authorized				
Equity shares of Rs. 10 each.	12,480,000	1,248.00	12,480,000	1,248.00
	12,480,000	1,248.00	12,480,000	1,248.00
Issued				
Equity shares of Rs. 10 each	11,824,388	1,182.43	11,807,888	1,180.78
	11,824,388	1,182.43	11,807,888	1,180.78
Subscribed and paid up capital				
Equity shares of Rs. 10 each fully paid up	11,650,108	1,165.01	11,633,608	1,163.36
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71
	11,824,388	1,173.72	11,807,888	1,172.07

(ii) *Rights, preferences and restrictions attached to shares*

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(iii) *Reconciliation of the shares outstanding at beginning and at the end of the year*

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

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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of equity shares held	Number of shares	% of equity shares held
R. K. Saboo	1,834,292	15.74%	1,948,960	16.75%
Yashovardhan Saboo	1,338,791	11.49%	1,557,265	13.39%
Saif India V FII Holdings Limited	1,008,400	8.66%	1,008,400	8.67%
Saif Partners India V Limited	754,716	6.48%	754,716	6.49%
Pranav Shankar Saboo	680,851	5.84%	331,951	2.85%

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

During the five years immediately preceding 31 March 2020, neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash except during the current year ended 31 March 2020, 16,500 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(vi) *Employee stock option plan*

Terms attached to stock options granted to employees of the Company are described in note 42D regarding share based payments.

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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Under KDDL Employee Stock Option Plan - 2011: equity shares of Rs.10 each, at an exercise price of Rs. 120 per share (Refer note 42D)	-	-	18,750	1.88

18 Other equity

(also refer to Statement of Changes in Equity)

(i) ***Capital reserve***

Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently (refer to note 38).

(ii) ***Securities premium***

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

(iii) ***General reserve***

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

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

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

(v) ***Retained earnings***

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets (excluding interest income).

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(vi) *Money received against share warrants*

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

During the year ended 31 March 2017, the Parent Company had issued 377,356 share warrants at Rs. 265 per share warrant (including securities premium of Rs 255 per share warrant) on a preferential allotment basis to certain promoters and promoter entities ('warrant holders') and had also received 25% application money amounting to Rs 66.25 per share warrant. The warrants were to be converted into equivalent number of equity shares on payment of balance 75% amount at any time on or before the end of eighteen months from the date of allotment failing which these would stand forfeited. During the year ended 31 March 2018, the Parent Company has allotted 113,206 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants. During the year ended 31 March 2019, the Parent Company had allotted remaining 264,150 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants.

19 Borrowings	Note	As at 31 March 2020	As at 31 March 2019
(i) Non-current borrowings			
Term-loans			
From banks (secured)	(a)	818.23	809.53
From others (secured)	(b)	4,715.93	3,980.02
		5,534.16	4,789.55
Deposits from shareholders / directors			
Related parties (unsecured) (refer to note 43)			
From Directors	(c)	432.69	267.20
From Inter Corporate	(c)	40.00	40.00
From others	(c)	399.22	207.06
From others (unsecured)	(c)	2,861.72	2,251.61
		3,733.63	2,765.87
Inter corporate deposits			
Inter Corporate deposit from related parties (unsecured) (refer to note 43)	(d)	35.00	517.00
Inter Corporate deposit from others (unsecured)	(d)	200.00	200.00
		235.00	717.00
Other loans			
From related parties (unsecured) (refer to note 43)	(e)	475.33	105.78
From banks (unsecured)	(e)	158.42	-
From others (unsecured)	(e)	777.30	857.32
		1,411.05	963.10
		10,913.84	9,235.52
Total non-current borrowings (including current maturities)			
Less : Current maturities of non-current borrowings (refer to note 20)		2,899.84	2,510.75
		8,014.00	6,724.77

Notes:

(a) - Vehicle loans from banks amounting to Rs. 48.61 (31 March 2019: Rs. 67.08) carrying interest rate in the range of 7.50% to 10.50% (previous year 7.50% to 10.50%) per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.

Vehicle loans amounting to Rs. 138.91 (31 March 2019 : Rs.157.60) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 8.23% to 11.76% per annum (31 March 2019 : 8.23% to 11.76%). The above loans are repayable in monthly installments within a period of next two to five years as per repayment schedule.

- Term loan from Credit Suisse taken by subsidiary, Estima AG amounting to Rs. 514.87 (31 March 2019: Rs. 470.65) carrying nil interest is secured against mortgage of property. The loan is to be repaid in 108 quarterly installments of Rs. 4.76 lacs each.

- Term loan from Credit Suisse taken by subsidiary, Pylania SA amounting to Rs. 115.84 (31 March 2019: Rs. 104.75) is carrying interest rate of 0%. The term loan is repayable in 40 quartely installements.

(b) - Term loan from Tata Capital Financial Services Limited amounting to Rs. 101.45 (31 March 2019: Rs. 236.88) carrying interest rate equal to LTLR less 7% (presently 10.25%) (previous year 10.50%) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen III, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bengaluru (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director of the Parent Company. The loan is to be repaid in 21 monthly installments of Rs. 11.30 as per the repayment schedule in equal annual installments commencing from 25 April 2018. The last instalment would be repaid on 25 December 2020.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 157 50 (31 March 2019: Rs. 247.48) carrying interest rate equal to LTLR less 7.25% (presently 10.25%) (previous year 10.50%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru and exclusive charge by way of hypothecation over the plant & machineries & other movable assets of KHAN II, situated at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore 560058 (Karnataka) (except for specific vehicles pledged against respective loan). The loan is also personally guaranteed by Chairman & Managing Director of the Parent Company. The loan is to be repaid in 11 quarterly installments of Rs. 22.50 as per the repayment schedule in equal annual installments commencing from 8 April 2018. The last instalment would be repaid on 8 October 2021.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 583.65 (31 March 2019: Rs. 757.62) carrying interest rate equal to LTLR less 8.75% (presently 10.25%) (previous year 10.50%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Parent Company. The loan is to be repaid in 52 monthly installments of Rs. 14.65 as per the repayment schedule in equal annual installments commencing from 30 July 2018. The last instalment would be repaid on 20 July 2023.

- Term loan from Bajaj Finance Limited amounting to Rs. 1,321.69 (31 March 2019: Rs. 1,868.56) carrying interest rate of 10% (previous year 10%) is secured by pari passu charge by way of hypothecation of equipment procured out of the term loan, Mortgage of leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Parent Company. The loan of Rs. 1,200 is to be repaid in 43 instalments of Rs.21.13 and last instalment would be paid on 5th October, 2022. The loan of Rs. 1,000 is to be repaid in 46 monthly installments of Rs. 20.83 as per the repayment schedule in equal monthly installments commencing from 05 January 2018. The last instalment would be repaid on 5 January 2023.

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- Term loan from Bajaj Finance Limited amounting to Rs. 873.17 (31 March 2019: Rs. 200) carrying interest rate of 10% (previous year 10%) is secured by way of first pari passu charge over movable fixed assets of the Parent Company (except for specific vehicles pledged against respective loan and moveable assets of KHAN II). The loan is also personally guaranteed by Chairman & Managing Director of the Parent Company. The loan is to be repaid in 48 instalments of Rs.20.83 as per the repayment schedule in equal monthly installments commencing from 05 September 2019. The Last instalment would be paid on 5 September 2023

- Term loan from Bajaj Finance Limited amounting to Rs. 997.04 (31 March 2019: Rs Nil) carrying interest rate of 9.20% is secured by way of first pari passu charge over movable fixed assets of the Parent Company (except for specific vehicles pledged against respective loan and moveable assets of KHAN II). The loan is also personally guaranteed by Chairman & Managing Director of the Parent Company. The loan is to be repaid in 18 instalments of Rs. 55.55 as per the repayment schedule in equal quarterly installments commencing from 05 September 2020. The Last instalment would be paid on 05 March 2025.

- Vehicle loans from Daimler Financial Services and Kotak Mahindra Prime Limited amounting to Rs. 26.21 (31 March 2019: Rs. 35.58) carrying interest rate in range of 7.75% to 9.50% (previous year 7.50% to 10.50%) per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of these loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.

- Term loan from Indiabulls Housing Finance Limited amounting to Rs. 254.24 (31 March 2019 : Rs 294.18) taken by subsidiary Ethos Limited is secured by exclusive mortgage and charge on personal property of the director and relatives of the director of the subsidiary company. These limits are also guaranteed by the director and relatives of the director. The rate of interest varies from 11% to 14.50% per annum. The original Loan of Rs 450 lakhs taken in March 2014 will be repaid in 120 monthly instalments along with interest.

-Term loan from RC Tritec taken by subsidiary Estima AG, amounting to Rs. 320.79 (31 March 2019 : Rs. 279.32) carrying 5% interest rate is secured by hypothetication of machinery and equipment of the plant. The loan is also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Group. The loan shall be repaid at the expiry of term of 4 years on 01 April 2023.

- Secured Loan from independent sources taken by subsidiary Pylania SA, amounting to Rs. 80.20 (31 March 2019: Rs. 69.83) carrying interest rate of 5.00% is secured by hypothetication of machinery and equipment of the plant. The loan is also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Parent Company and to be paid after the expiry of term of 4 years i.e. 1 April 2023.

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

Deposits from shareholders taken by subsidiary Ethos Limited, amounting to Rs. 1,591.39 (31 March 2019: Rs. 1,233.44) carrying interest rates in the range of 8% to 10.75% (previous year 8% to 10.75%) per annum are repayable in 6 months to 3 years from the respective dates of deposit.

(d) -Inter corporate deposits taken by subsidiary, Ethos Limited from others amounting to Rs. 200.00 (31 March 2019: Rs. 200.00) carry an interest rate ranging between 13.50% to 14.00% (previous year 13.50% to 14.00%) per annum and the same are repayable as per the repayment schedule within next two years.

-Inter corporate deposit from related parties amounting to Rs. 35.00 (31 March 2019: Rs. 317.00) carry an interest rate ranging between 8.50% to 16% (31 March 2019 : 8.50% to 16%) per annum and the same is repayable between 12.5-36 months (31 March 2019: between 12.5-36 months).

(e) - Unsecured loan from related party taken by subsidiary Pylania SA, amounting to Rs. 80.95 (31 March 2019: Rs. 105.78) carry an interest rate of 5% is repayable before or on the expiry of the loan, i.e. 19 January 2023.

- Unsecured loan from related party taken by subsidiary Estima AG, amounting to Rs. 394.37 (31 March 2019: Rs. Nil) carry an interest rate of 5% is repayable in two annual installments starting from 01 September 2020.

-Unsecured bridged loan from Credit Suisse taken by subsidiary Estima AG, amounting to Rs. 158.42 (31 March 2019 : Rs. Nil) carrying nil interest rate. The loan is to be repaid after expiry of 5 years i.e. 31 March 2025.

- Unsecured loan from Radexpo AG by subsidiary Pylania SA amounting to Rs. 162.39 (31 March 2019: Rs. 143.83) carrying interest rate of 5.00% p.a. is repayable before or on the expiry of the loan i.e. 03 September 2020.

-Unsecured loan from Amola taken by subsidiary Estima AG, amounting to Rs. 139.65 (31 March 2019 : Rs. 143.89) carrying interest rate of 3.00%. The loan is to be repaid in 4 half yearly installments starting from 01 June 2019.

-Unsecured loan from Phillip Losser taken by subsidiary Estima AG, amounting to Rs. 475.26 (31 March 201 : Rs. 558.64) carrying nil interest rate. The loan is to be repaid in 4 annual installments starting from 31 Dec 2019.

(ii) Current borrowings	Note	As at 31 March 2020	As at 31 March 2019
Loans repayable on demand			
From banks (secured)	(a)	5,674.66	5,933.15
From others (secured)	(b)	300.00	-
Inter corporate deposits			
Inter Corporate deposit from related parties (unsecured) (refer to note 43)	(b)	350.00	150.00
Inter Corporate deposit from others (unsecured)	(b)	300.00	-
Deposits from shareholders / directors			
Related parties (unsecured) (refer to note 43)			
From Directors	(c)	227.07	0.50
From others	(c)	420.50	-
From others (unsecured)	(c)	157.95	110.92
		7,430.18	6,194.57

Notes:

(a) Working capital borrowings from banks amounting to Rs. 1,433.21 (31 March 2019: Rs. 702.84) carrying interest rate varying from 9.00% to 10.20% (previous year 9.25% to 11.90%) per annum are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Parent Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the moveable fixed assets of the Parent Company. These loans are also guaranteed by the Chairman & Managing Director of the Parent Company and is repayable on demand.

-The cash credit overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 1,544.82 (31 March 2019: Rs. 2,386.70) from IDBI Bank Limited are repayable on demand and are secured by first parri passu charge on all the current assets of the subsidiary company both present and future and second parri passu charge on the fixed assets of the subsidiary both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (EIGEN) at Bangalore of the Parent Company. These limits are guaranteed by personal guarantees of director of the subsidiary and his relative. The rate of interest as on 31 March 2020 varies from 10.75% to 11.50% (31 March 2019: 11.25% to 12%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 859.29 (31 March 2019: Rs. 874.90) from The Jammu and Kashmir Bank Limited are repayable on demand and are secured by first pari passu charge on the stock and receivables of the subsidiary company. These limits are also secured by exclusive first charge on assets of KPAC unit at Chandigarh of the Parent Company. This is further secured by the first and exclusive charge over land and building, plant and machinery and office equipment of the Parwanoo unit of the Parent Company. These loans are guaranteed by personal guarantees of the director of the subsidiary company and his relative. The rate of interest as on 31 March 2020 varies from 10.70% to 11.40% (31 March 2019: 11.40% to 12.40%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 1,837.34 (31 March 2019: Rs. 1,968.70) from Bank of Maharashtra are repayable on demand and are secured by first parri passu charge by way of hypothecation on entire current assets of the subsidiary. These limits are also secured by 360,000 shares of KDDL Limited held in the name of Mr. Yashovardhan Saboo and second parri passu charge on entire fixed assets of the subsidiary. Further, these limits are also guaranteed by director of the subsidiary and his relative. The rate of interest as on 31 March 2020 is 11.00% (31 March 2019: 11.50%) per annum.

(b) Working capital borrowings from others amounting to Rs. 300.00 (31 March 2019: Rs. Nil) carrying interest rate of 9.15% per annum are secured by first pari passu charge on current assets. The loan is also personally guaranteed by the Chairman & Managing Director of the Company and is repayable on demand.

Inter corporate deposit taken by Ethos Limited from related party and others amouting to Rs. 200.00 and Rs. 300.00 (31 March 2019 : Nil) carry an interest rate ranging between 10.0% to 13.5% per annum and the same are repayable as per the repayment schedule within twelve months.

Inter corporate deposits taken by subsidiary, Mahen Distribution Limited from related party amounting to Rs 150.00 (31 March 2019: Rs. 150.00) carrying interest rate of 14.00% p.a. is repayable within 6 months.

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

Deposits from shareholders / directors taken by subsidiary company, Ethos Limited amounting to Rs. 613.70 (31 March 2019: Rs.73.99) carrying interest rates in the range of 9.50% to 10% (previous year 10.00% to 10.50%) per annum.

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(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 2020	Year ended 31 March 2019
Balance as at the beginning of the year (including current and non-current borrowings)	15,430.09	13,799.03
Proceeds from non-current borrowings*	5,141.02	2,574.82
Repayment of non-current borrowings*	(3,463.35)	(2,119.42)
Proceeds from current borrowings having maturity period more than 3 months	509.77	100.89
Repayment of current borrowings having maturity period more than 3 months	(215.67)	(77.71)
Repayments of / proceeds from current borrowings (net)	941.51	(183.02)
Adjustment pursuant to acquisition (refer to note 38)	-	1,325.10
Transaction costs related to borrowings	0.65	10.41
Balance as at the end of the year (including current and non-current borrowings)	18,344.02	15,430.09

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

20 Other financial liabilities

	Non-Current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Current maturities of non-current borrowings [refer note to 19(i)]	-	-	2,899.84	2,510.75
Derivatives Financial instruments (Fair Value through statement of Profit and Loss)	-	-	74.35	-
Interest accrued but not due (refer to note 43)	203.62	102.84	223.69	207.07
Unpaid dividends #	-	-	31.76	24.71
Capital creditors	-	-	539.77	277.03
Employee related payables (refer to note 43)	-	-	1,494.62	1,564.44
Security deposit	5.69	5.69	-	-
	209.31	108.53	5,264.03	4,584.00

\# not due for deposit to investor education and protection fund

21 Provisions

	Non-Current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provisions for employee benefits (refer to note 42)				
Liability for gratuity	236.33	110.23	22.97	49.66
Liability for compensated absences	-	-	488.07	343.28
	236.33	110.23	511.04	392.94
Other provisions				
Provisions for warranties	-	13.38	-	7.29
	-	13.38	-	7.29
	236.33	123.61	511.04	400.23

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

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical information on the nature, frequency and average cost 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 2020	As at 31 March 2019
Dues of Micro Enterprises and Small Enterprises (refer to note below)	76.98	55.01
Trade payables to related parties (refer to note 43)	67.50	38.60
Other trade payables	8,581.64	8,368.06
	8,726.12	8,461.67

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the financial statements based on information available with the Company as under :

Particulars	As at 31 March 2020	As at 31 March 2019
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year		
- Principal	69.77	48.45
- Interest	7.21	6.56
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of payment made to the supplier beyond the appointed date during each accounting year;	223.97	201.05
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during each accounting year) but without adding the interest specified under the Micro Small and Medium Enterprises Development Act, 2006;	7.21	6.56
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	7.21	6.56
(e) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprises Development Act, 2006.	7.21	6.56

23 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Advance from customers	802.03	384.50
Statutory dues	302.03	304.76
Deferred revenue	247.14	224.07
Other payables	27.64	27.64
	1,378.84	940.97

24 Current tax liabilities (net)

	As at 31 March 2020	As at 31 March 2019
Provision for income tax (net of advance tax)	69.53	433.48
	69.53	433.48

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

25 Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products	62,737.24	60,375.08
Sale of services	1,678.01	1,263.07
Export incentives	390.45	371.88
Other operating revenue		
Scrap sales	422.05	425.92
Miscellaneous income	-	64.90
	65,227.75	62,500.85

Notes:

a) Revenue disaggregation as per industry vertical and geography has been included in segment information (refer to note 44)

b) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price is as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue as per contracted price	65,251.27	62,541.70
Reduction towards variable consideration components	(23.52)	(40.85)
Revenue recognised	65,227.75	62,500.85

The reduction towards variable consideration comprise of loyality points adjusment

c) **Revenue from contracts with customers disaggregated based on nature of products and services**

	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from sale of products		
- Precision and watch components	16,824.45	17,313.11
- Watch and watch accessories	45,058.45	42,176.68
- Marketing support and other services	-	174.43
- Others	854.33	710.86
Sale of services	1,678.01	1,263.07
Other operating revenue	422.05	490.82
	64,837.30	62,128.97

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

Total revenue from contracts with customers	64,837.30	62,128.97
Add: Items not included in disaggregated revenue:		
- Export Incentives	390.45	371.88
Revenue from operations as per the statement of profit and loss	65,227.75	62,500.85

d) **Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Trade receivables (refer to note 13)	2,849.25	3,113.97
Advances from customers (refer to note 23)	802.03	384.50

26 Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income		
Fixed deposits with banks	52.40	40.19
Interest income from others	213.41	120.32
Dividend income	0.31	0.36
Other non-operating income (net of expenses)		
Rental income	11.77	10.00
Liabilities / provision no longer required written back	156.12	-
Exchange gain on foreign exchange fluctuations (net)	81.11	116.32
Gain on sale of equity accounted investee	-	2.90
Miscellaneous income	91.81	5.77
	606.93	295.86

27 Cost of raw materials consumed*

	Year ended 31 March 2020	Year ended 31 March 2019
Inventory of raw materials at the beginning of the year	1,745.04	3,764.43
Purchases of raw materials	4,867.04	2,571.14
	6,612.08	6,335.57
Less: Inventory of raw materials at the end of the year	1,890.11	1,745.04
	4,721.97	4,590.53

* Refer note 3 (c)

28 Purchase of stock-in-trade

	Year ended 31 March 2020	Year ended 31 March 2019
Purchase of stock-in-trade	34,205.38	34,941.72
	34,205.38	34,941.72

29 Changes in inventories of finished goods, work-in-progress, stock-in-trade and scrap

	Year ended 31 March 2020	Year ended 31 March 2019
Opening stock		
Work-in-progress	1,088.49	977.64
Finished goods	115.91	99.47
Stock-in-trade	20,699.68	17,387.87
	21,904.08	18,464.98
Less:		
Closing stock		
Work-in-progress	928.64	1,088.49
Finished goods	194.96	115.91
Stock-in-trade	21,941.01	20,699.68
Scrap	16.55	-
	23,081.16	21,904.08
Adjustment for fluctuation in exchange rate	9.24	0.01
	(1,167.84)	(3,439.10)

30 Employee benefits expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus [refer note 3 (c)]	9,253.87	7,731.45
Contributions to provident and other funds (refer to note 42)	636.45	528.14
Staff welfare expenses	342.33	379.16
	10,232.65	8,638.75

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

31 Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense on financial liabilities measured at amortised cost	1,655.87	1,373.35
Interest on delay in deposit of income tax	28.05	30.26
Interest on lease liabilities (refer to note 45)	1,150.93	-
Other borrowing costs	18.53	19.74
	2,853.38	1,423.35

32 Depreciation and amortisation expense

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment [refer note 3 (c)] *	1,689.30	1,275.10
Amortisation of intangible asset (refer to note 4)	58.89	37.72
Depreciation of Right-of-use assets (refer to note 45)	3,057.86	-
	4,806.05	1,312.82

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

33 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Stores and spares consumed [refer to note 3 (c)]	882.52	880.62
Power, fuel and water charges [refer to note 3 (c)]	652.96	581.60
Contractual labour expenses	783.55	772.57
Insurance	78.27	47.76
Rent [(net of reimbursements of Rs. 171.78 (31 March 2019: Rs. 214.20)] [refer to note 3 (c) and 45]	102.31	2,990.71
Rates and taxes [refer to note 3 (c)]	59.29	88.29
Repair and maintenance		
- Plant and machinery	270.75	233.73
- Buildings	43.80	50.68
- Others [refer to note 3 (c)]	681.61	561.40
Legal and professional fees	718.80	643.73
Travelling and conveyance	747.02	819.33
Job charges [refer to note 3 (c)]	540.58	418.43
Printing and stationery	60.22	58.64
Communication expenses	341.31	310.97
Commission	212.14	176.70
Events and exhibitions	147.49	142.37
Publicity and advertisement	1,436.53	1,274.08
Property, plant and equipment written off	85.02	8.86
Expected credit allowance on trade receivables	85.08	-
Provision for sale returns	34.60	-
Donation	9.82	1.10
Advances / deposits / bad debts written off	67.10	38.40
Loss on sale of fixed assets	16.52	-
Bank charges	462.82	404.14
Directors' sitting fees (refer to note 43)	29.28	25.23
Security service charges	75.29	87.20
Service tax deposit and credit written off* [refer to Note 41(iii)]	218.56	-
Cost of service rendered	110.20	51.43
Net change in fair value of financial assets (at FVTPL) (net)	1.29	-
Corporate social responsibility expenditure (Refer to Note (a) below)	44.53	26.13
Miscellaneous expenses [refer to note 3 (c)]	640.09	592.81
	9,639.35	11,286.91

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

Note (a): Detail of corporate social responsibility expenditure	Year ended 31 March 2020	Year ended 31 March 2019
a. Amount required to be spent by the Company during the year	44.35	26.13
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above (refer to note 43)	44.53	26.13
	44.53	26.13

34 Income tax expense

A. *Amounts recognised in statement of profit and loss*	Year ended 31 March 2020	Year ended 31 March 2019
Current tax		
Current year	680.51	1,616.85
Changes in estimates related to prior years	4.23	(29.93)
	684.74	1,586.92
Deferred tax		
Attributable to-		
Origination and reversal of temporary differences	27.94	(62.87)
Changes in estimates related to prior years	(5.40)	-
	22.54	(62.87)
Tax expense for the year	707.28	1,524.05

B. *Reconciliation of effective tax rate*	Year ended 31 March 2020	Year ended 31 March 2019
Profit before share of equity accounted investees and income tax	543.74	4,041.73
Tax at the Indian tax rate of 29.120% (previous year 34.61%)*	158.34	1,412.18
Effect of expenses that are not deductible in determining taxable profit	84.99	61.04
Loss in subsidiaries on which deferred tax not recoganised	281.92	-
Change in tax rate**	183.22	24.67
Effect of tax (benefit) / expense pertaining to prior years	(1.18)	29.93
Others	-	(3.77)
Income tax expenses recognised in statement of profit and loss	707.28	1,524.05

*The tax rate used for the current year reconciliation above is the corporate tax rate of 29.120% (previous year 34.61%) payable by corporate entities in India on taxable profits under the Indian tax.

**Some of the Indian subsidiaries have elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the deferred tax assets (net) as at 31 March 2019 and the estimate of tax expense for the current financial year have been re-measured basis the rate prescribed in the said Section. The Holding Company is continuing with old option of income tax.

C. *Income tax recognised in other comprehensive income*	Year ended 31 March 2020	Year ended 31 March 2019
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit liability (asset)	21.00	27.71
Exchange differences on translation of foreign operations	-	-
	21.00	27.71
Bifurcation of the income tax recognised in other comprehensive income into		
Items that will not be reclassified to profit or loss	21.00	27.71
Items that will be reclassified to profit or loss	-	-
	21.00	27.71

35 Earning per share

	Year ended 31 March 2020	Year ended 31 March 2019
A. Basic earnings per share		
i. *Profit/(loss) for basic earning per share of Rs. 10 each*		
Profit attributable to Owners of the Company	(59.33)	2,213.86
ii. *Weighted average number of equity shares (for basic)*		
Balance at the beginning of the year	11,633,608	10,952,792
Effect of fresh issue of shares	3,553	407,779
	11,637,161	11,360,571
Basic earnings per share (face value of Rs. 10 each)	(0.51)	19.49
B. Diluted earnings per share		
i. *Profit/(loss) for diluted earning per share of Rs. 10 each*		
Profit for the year	(59.33)	2,213.86
ii. *Weighted average number of equity shares (for diluted)*		
Balance at the beginning of the year	11,633,608	10,952,792
Effect of fresh issue of shares	3,553	407,779
Effect of employee stock options*	-	14,013
	11,637,161	11,374,584
Diluted earnings per share (face value of Rs. 10 each)	(0.51)	19.46

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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 2020			As at 31 March 2019		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets								
Non-current								
Non-derivative financial assets								
Investment in equity shares - other companies	(i)	3	47.73	-	-	49.03	-	-
Loans	(ii)	3	-	-	1,019.63	-	-	1,237.55
Other financial assets	(ii)	3	-	-	128.93	-	-	119.99
Current								
Non-derivative financial assets								
Trade receivables	(iii)	3	-	-	2,849.25	-	-	3,113.97
Cash and cash equivalents	(iii)	3	-	-	2,278.78	-	-	1,596.50
Other bank balances	(iii)	3	-	-	567.41	-	-	636.36
Loans	(iii)	3	-	-	802.85	-	-	476.70
Other financial assets	(iii)	2	-	-	663.98	-	-	557.40
Derivative financial assets								
Forward contracts	(iv)	2	-	-	-	29.76	-	-
Total financial assets			47.73	-	8,310.83	78.79	-	7,738.47
Financial liabilities								
Non-current								
Non-derivative financial liabilities								
Borrowings (including current maturities)	(v)	3	-	-	10,913.84	-	-	9,235.52
Other financial liabilities	(iv)	3	-	-	209.31	-	-	108.53
Current								
Non-derivative financial liabilities								
Borrowings	(v)	3	-	-	7,430.18	-	-	6,194.57
Trade payables	(iii)	3	-	-	8,726.12	-	-	8,461.67
Other financial liabilities	(iii)	3	-	-	2,289.84	-	-	2,073.25
Derivative financial assets								
Forward contracts	(iv)	2	74.35	-	-	-	-	-
Total financial liabilities			74.35	-	29,569.29	-	-	26,073.54

Notes:

(i) The fair value in respect of unquoted equity investments cannot be reliably estimated. The Group has currently measured them at net book value as per the latest audited financial statements available.

(ii) Fair value of non-current financial assets and non-current financial liabilities has not been disclosed as there is no significant differences between carrying value and fair value.

(iii) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(iv) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs include the credit quality of counter-parties and foreign exchange forward rates.

(v) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

(vi) There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2020 and 31 March 2019.

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B. Financial risk management

(i) Risk management framework

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Group has exposure to the following risks arising from financial instruments:
-credit risk (see (ii))
-liquidity risk (see (iii))
-market risk (see (iv))
-product price risk (see (v))

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group and its associate's receivable from customers and loans.

Particulars	As at 31 March 2020	As at 31 March 2019
Non-derivative financial assets		
Investments	47.73	49.03
Trade receivables	2,849.25	3,113.97
Loans	1,822.48	1,714.25
Other financial assets	792.91	707.15
	5,512.37	5,584.40

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties. The Group enters into derivative contracts with bank and financial institutions having high credit ratings.

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

	As at 31 March 2020	As at 31 March 2019
Within India	1,487.48	1,599.41
Outside India	1,361.77	1,514.56
	2,849.25	3,113.97

The Group based on internal assessment which is driven by the historical experience / current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Group estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross carrying amount	Loss allowance	Carrying amount
31 March 2020			
Less than 6 Months	2,840.10	69.37	2,770.73
More than 6 Months	120.21	41.69	78.52
	2,960.31	111.06	2,849.25
31 March 2019			
Less than 6 Months	3,039.94	-	3,039.94
More than 6 Months	100.01	25.98	74.03
	3,139.95	25.98	3,113.97

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

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning of the year	25.98	6.80
Amounts written off	-	(5.94)
Impairment loss recognised	85.08	-
Adjustment pursuant to acquisition	-	25.12
Balance as at the end of the year	111.06	25.98

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The loans primarily represents security deposits given and loans given to employees. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for expected credit loss has been provided on these financial assets. Credit risk on cash and cash equivalents and bank deposits is limited as the Group generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that its liquidity position, including total cash and cash equivalents and other bank balances anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Group believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Group will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

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The following table provides details regarding the contractual maturities of significant financial liabilities on an undiscounted basis:

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total	Carrying amount
31 March 2020					
Non-derivative financial liabilities					
Borrowings (including current maturities)	10,330.02	7,543.32	479.22	18,352.56	18,344.02
Trade payables	8,726.12	-	-	8,726.12	8,726.12
Other financial liabilities	2,493.46	5.69	-	2,499.15	2,499.15
Lease liabilities	3,175.43	8,610.88	3,002.86	14,789.17	10,633.87
	24,725.03	16,159.89	3,482.08	44,367.00	40,203.16
31 March 2019					
Non-derivative financial liabilities					
Borrowings (including current maturities)	8,705.32	6,732.82	-	15,438.14	15,430.09
Trade payables	8,461.67	-	-	8,461.67	8,461.67
Other financial liabilities	2,181.78	5.69	-	2,187.47	2,187.47
	19,348.77	6,738.51	-	26,087.28	26,079.23

(iv) **Market risk**

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates.

Exposure to interest rate risk

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and CHF with a mix of fixed and floating rates of interest. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

	As at 31 March 2020	As at 31 March 2019
Fixed rate borrowings	12,669.36	9,496.94
Floating rate borrowings	5,674.66	5,933.15
Total borrowings	18,344.02	15,430.09

Interest rate senstivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or Loss	
	Strengthening	Weakening
For the year ended 31 March 2020		
Interest rate (0.50% movement)	(28.37)	28.37
For the year ended 31 March 2019		
Interest rate (0.50% movement)	(29.67)	29.67

b. Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Group's operating, investing and financing activities.

Unhedged foreign currency exposure

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

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

Liabilities	As at 31 March 2020		As at 31 March 2019	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Trade payables				
HKD	85.96	8.76	41.75	4.73
USD	94.13	1.24	48.03	0.43
EUR	83.90	1.00	32.54	0.05
CHF	1,798.27	22.70	1,775.06	25.42
JPY	7.62	10.87	49.45	78.70
SGD	73.84	1.38	5.86	0.11
Net exposure in respect of recognised assets and liabilities (in Rs.)	(1,903.23)		(1,007.12)	

Significant forward contracts outstanding as at the end of the year

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

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Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2020 and 31 March 2019 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
HKD (1% movement)	(0.80)	0.80	0.57	(0.57)
USD (1% movement)	0.28	(0.28)	(0.20)	0.20
EUR (1% movement)	(0.67)	0.67	0.48	(0.48)
CHF (1% movement)	(17.02)	17.02	12.06	(12.06)
JPY (1% movement)	(0.08)	0.08	0.05	(0.05)
GBP (1% movement)	-	-	-	-
SGD (1% movement)	(0.74)	0.74	0.52	(0.52)
31 March 2019				
HKD (1% movement)	(0.30)	0.30	0.19	(0.19)
USD (1% movement)	0.45	(0.45)	(0.29)	0.29
EUR (1% movement)	(0.03)	0.03	0.02	(0.02)
CHF (1% movement)	(9.65)	9.65	6.31	(6.31)
JPY (1% movement)	(0.49)	0.49	0.32	(0.32)
GBP (1% movement)	0.01	(0.01)	(0.01)	0.01
SGD (1% movement)	(0.06)	0.06	0.04	(0.04)

(v) Product price risk

In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. Since the Group operates in luxury category, the demand is reasonably inelastic to changes in price. However, the Group continually monitor and compares prices of its products in other developed markets as its customers tend to compare prices across markets. In the event that prices deviate significantly unfavorably from the markets, the Group negotiates with its principals for change of prices. The Group also manages the risk by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses.

37 Capital management

(i) Risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents and other bank balances. Total equity comprises all components of equity as shown in balance sheet.

The Group's adjusted net debt to total equity ratio was as follows:

	As at 31 March 2020	As at 31 March 2019
Total liabilities excluding deferred tax liabilities, provisions and other current liabilities	40,347.04	26,507.02
Less: cash and cash equivalents and other bank balances	2,846.19	2,232.86
Adjusted net debt	37,500.85	24,274.16
Total equity	22,740.69	23,499.31
Net debt to total equity ratio	1.65	1.03

(ii) Dividends (including corporate dividend tax)

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

*Final Dividend has been paid on the number of shares issued by the company till the date of Annual General Meeting after approval of shareholders.

38 Business combination

During the previous year, on 6 December 2018, the Group, through its foreign subsidiaries Kamla International Holdings SA (70% share) and Pylania SA (30% share), entered into an agreement with a third party, pursuant to which the Group agreed to acquire of and the seller agreed to sell, the seller's 100% equity interest in Estima AG through a share purchase and debt assignment agreement for a purchase consideration of CHF 400,000.

Estima AG, a well-established name with valuable production infrastructure having revenue near CHF 2 million is a leading supplier to Swiss and other European watch brands in the mid priced segment with excellent reputation. This acquisition is a strong fit for the Group since Estima AG was a strong competitor in the business of manufacturing watch hands but had been incurring losses since last 10 years due to market changes.

The results of Estima AG have been consolidated by the Group from the acquisition date of 7 January 2019 on a line-by-line basis. The purchase consideration for this acquisition amounted to Rs. 272.86, entire amount comprising of initial cash consideration.

Particulars	Amount
Purchase consideration paid	(272.86)
Non-controlling interest	(19.57)
Fair value of net asset and liabilities acquired	633.32
Capital reserve on acquisition	340.89

On acquisition date, the non-controlling interest has been measured at its proportionate share of identifiable assets and liabilities acquired.

This being a business purchase has been accounted for in accordance with the Ind AS 103 "Business combinations" and the price allocation as at 31 March 2019 and certain information about fair valuation of acquired assets and liabilities is as follows:

Particulars	Fair Value
Property Plant and Equipment	2,107.51
Cash & Cash equivalents	16.03
Trade receivables	72.93
Other financial assets	24.09
Inventory and Work in Progress	194.58
Other current assets	4.95
Borrowings	(1,325.10)
Trade payables	(460.64)
Other current liabilities	(1.03)
Net Assets Acquired	633.32

From the date of acquisition to 31 March 2019, the acquired business contributed revenue of Rs. 206.49 and loss before tax of Rs. [illegible] to the Group's results. During current year, the aquired business has contibuted revenue of Rs. 1308.13 and loss before tax of Rs. 973.11

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39 **Non-controlling interest (NCI)**

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

As at 31 March 2020

Particulars	Ethos Limited	Cognition Digital LLP	Estima AG	Pylania SA	Mahen Distribution Limited
NCI Percentage	26.44%	26.44%	4.50%	15.00%	1.28%
Non-current assets	14,973.05	21.62	2,755.48	1,580.16	841.92
Current assets	27,135.57	336.65	470.93	416.56	212.10
Non-current liabilities	9,782.32	-	2,923.37	348.29	-
Current liabilities	17,381.99	80.83	946.45	397.32	490.67
Net Assets	14,944.31	277.45	(643.41)	1,251.10	563.35
Exchange differences on translation of foreign operations	-	-	64.51	(16.25)	-
Elimination adjustments	-	-		26.18	-
	14,944.31	277.45	(578.90)	1,261.03	563.35
Net assets attributable to NCI	3,951.61	73.36	(26.05)	159.05	7.22
Revenue	44,982.10	802.81	1,211.93	725.46	157.66
Profit / (loss) for the year	(436.18)	189.41	(973.11)	234.81	(0.82)
OCI	(2.13)	-	(48.04)	112.39	-
Total comprehensive income	(438.31)	189.41	(1,021.15)	347.20	(0.82)
Profit / (loss) allocated to NCI	(118.23)	50.08	(33.69)	(35.40)	(0.01)
OCI allocated to NCI	(0.56)	-	(2.16)	16.86	-
Total comprehensive income / (expense) allocated to NCI	(118.79)	50.08	(35.85)	(18.54)	(0.01)
Cash flows from operating activities	3,070.16	172.16	(830.01)	1,029.92	35.56
Cash flows from investing activities	903.05	(0.98)	(462.25)	(831.60)	-
Cash flows from financing activities	(1,962.20)	(177.60)	1,349.94	(66.49)	(22.86)
Net increase / (decrease) in cash and cash equivalents	2,011.01	(6.42)	57.68	131.83	12.70

As at 31 March 2019

Particulars	Ethos Limited	Cognition Digital LLP	Estima AG	Pylania SA	Mahen Distribution Limited
NCI Percentage	25.11%	25.11%	4.50%	15.00%	1.28%
Non-current assets	4,996.12	21.88	2,140.60	976.24	841.92
Current assets	24,694.90	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	-	-	17.09	115.19	-
	12,452.39	84.49	170.16	1,000.03	564.19
Net assets attributable to NCI (including preference share capital and its arrears attributable to NCI)	4,191.44	21.21	7.66	187.21	7.23
Revenue	44,335.32	871.88	184.59	700.11	57.63
Profit / (loss) for the year	1,119.50	217.33	(238.43)	42.46	(105.27)
OCI	(19.36)	-	(16.47)	8.66	-
Total comprehensive income	1,100.14	217.33	(254.91)	51.11	(105.27)
Profit / (loss) allocated to NCI	281.05	54.56	(37.02)	6.37	(1.35)
OCI allocated to NCI	(4.12)	-	(0.74)	1.30	-
Total comprehensive income / (expense) allocated to NCI	276.93	54.56	(37.76)	7.67	(1.35)
Cash flows from operating activities	(2,137.34)	23.93	(2.39)	6.97	(19.09)
Cash flows from investing activities	(1,283.28)	-	(1.20)	(2.53)	-
Cash flows from financing activities	3,523.46	-	5.93	(5.19)	-
Net (decrease) / increase in cash and cash equivalents	102.84	23.93	2.34	(0.75)	(19.09)

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

40 Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated Ind AS financial statements' of Division II of Schedule III

As at 31 March 2020

Name of the entity in the Group	Net Assets (Total assets -Total liabilities)		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
KDDL Limited	74.41%	16,920.39	-464.30%	912.66	-63.23%	(52.21)	-754.79%	860.45
Subsidiaries								
Indian								
Ethos Limited	65.42%	14,877.74	204.89%	(402.75)	-2.58%	(2.13)	355.16%	(404.88)
Mahen Distribution Limited	2.48%	563.35	0.42%	(0.82)	0.00%	-	0.72%	(0.82)
Satva Jewellery and Design Limited	-0.34%	(76.41)	7.68%	(15.09)	0.00%	-	13.24%	(15.09)
Cognition Digital LLP	1.22%	277.45	-96.36%	189.41	0.00%	-	-166.15%	189.41
Foreign								
Kamla International Holdings SA	5.22%	1,186.61	-1.31%	2.58	87.87%	72.55	-65.91%	75.13
Pylania SA	5.50%	1,251.10	-119.46%	234.81	136.12%	112.39	-304.57%	347.20
Estima AG	-2.83%	(643.41)	495.05%	(973.11)	-58.18%	(48.04)	895.76%	(1,021.15)
Associate								
Kamla Tesio Dials Limited	0.13%	28.53	-0.20%	0.39	-	-	-0.34%	0.39
Joint Venture								
Pasadana Retail Private Limited**	0.29%	66.57	17.01%	(33.43)	-	-	29.32%	(33.43)
Elimination	-51.50%	(11,711.22)	56.58%	(111.21)	-	-	97.55%	(111.21)
Total	100.00%	22,740.69	100.00%	(196.57)	100.00%	82.57	100.00%	(114.00)

As at 31 March 2019

Name of the entity in the Group	Net Assets (Total assets -Total liabilities)		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
KDDL Limited	71.00%	16,685.66	62.53%	1,574.24	49.31%	(41.36)	62.99%	1,532.87
Subsidiaries								
Indian								
Ethos Limited	56.61%	13,303.89	44.47%	1,119.50	23.08%	(19.36)	45.21%	1,100.14
Mahen Distribution Limited	2.40%	564.19	-4.18%	(105.27)	-	-	-4.33%	(105.27)
Satva Jewellery and Design Limited	-0.26%	(61.34)	-0.58%	(14.57)	-	-	-0.60%	(14.57)
Cognition Digital LLP	0.36%	84.49	8.63%	217.33	-	-	8.93%	217.33
Foreign								
Kamla International Holdings SA	4.73%	1,111.48	-0.09%	(2.36)	18.29%	(15.34)	-0.73%	(17.70)
Pylania SA	3.77%	884.84	1.69%	42.46	-10.32%	8.66	2.10%	51.11
Estima AG*	1.61%	153.07	(0.09)	(238.43)	0.20	(16.47)	(0.10)	(254.91)
Associates								
Kamla Tesio Dials Limited								
Cadrafin GmbH***	0.12%	28.14	-0.01%	(0.21)	-	-	-0.01%	(0.21)
Eliminations	-40.34%	(9,255.11)	-2.99%	(75.22)	-	-	-3.09%	(75.22)
Total	100.00%	23,499.31	100.00%	2,517.47	100.00%	(83.89)	100.00%	2,433.58

* On 7 January 2019, the Holding Company, through its foreign subsidiaries Kamla International Holdings SA and Pylania SA, acquired 100% equity interest in Estima AG. Accordingly, the Group has recognised its share in the loss of Estima AG from 7 January 2019 to 31 March 2019 in the Statement of Profit and Loss.

** On 03 May 2019, the Holding Company, through its subsidiary Ethos Limited, acquired 50% equity interest in its joint venture 'Pasadena Retail Private Limited'. Accordingly, the Group has recognised its share in the loss of Pasadena Retail Private Limited from 03 May 2019 to 31 March 2020 in the Statement of Profit and Loss.

*** On 9 July 2018, the Group has sold its entire 22% share (held through Kamla International Holdings SA) in its associate 'Cadrafin GmbH'. Accordingly, the Group has not recognised its share in the net assets of Cadrafin GmbH as at 31 March 2019.

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

41 Contingent liabilities and commitments: *(to the extent not provided for)*	As at 31 March 2020	As at 31 March 2019
(ia) Claims against the Group not acknowledged as debts, under dispute		
- Demand raised for service tax against which appeals have been filed	-	71.14
- Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs. 2.96 (31 March 2019: Rs. 2.96)	3.73	3.73
- Demand raised for Income tax	387.70	72.14
- Custom duty matters	17.85	-
- Claims against the Company not acknowledged as debt (to the extent ascertainable)	241.63	181.35
	650.91	328.36
(ib) - Custom duty saved against EPCG Licences, pending redemption	95.72	143.57
(ic) - Value added tax matters	1.32	1,000.71
(ii) Commitments		
- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not	426.25	781.50
- Amount payable under non-cancellable leases	-	7,953.70
	426.25	8,735.20

(iii) Regarding service tax matter pending with CESTAT, Chandigarh, one of the subsidiary Company namely Ethos Limited has assessed legal position in the matter pursuant to judgement of Hon'ble Delhi High Court in the case of Lally Automobiles Pvt. Ltd. Versus Commissioner cited as 2018 (17) G.S.T.L. 422 (Del.) which is further upheld by the Hon'ble Supreme Court vide order dated 01.04.2019 in favour of revenue.
Accordingly, Ethos Limited has opted Sabka Vishwas (Legacy Dispute Resolution) Scheme during the current year. As per the scheme, keeping in view of the amount involved, 50% of the disputed amount was required to be deposited to avail immunity from interest & penalty. The Company has written off the amount of payment made under the scheme of Rs 170.00 during the year. In addition to this, Company has provided Rs. 48.56 during the current year and Rs. 24.20 in the earlier years. Accordingly, profits in the current year has been reduced by Rs. 218.56.

(iv) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

(v) Pursuant to recent judgement by Hon'ble Supreme Court dated 28 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 previous year, the Group had acquired 100% equity interest in Estima AG based in Switzerland which is situated on contaminated land. In accordance with the applicable legal requirements, the Group is planning to restore the site using technology and materials that are available currently at an estimated cost of Rs. 858.60. The rehabilitation is expected to occur progressively over the next few years. Because of the long term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. During the year ended 31 March 2019, the Group had provided Rs. 858.60 thousand for this purpose. This cost has been reduced from the fair value of land acquired as part of the acquisition of Estima AG (refer to note 38).

42 Employee Benefits

A. Assets and liabilities relating to employee benefits	Non-Current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Liability for gratuity	236.33	110.23	22.97	49.66
Liability for compensated absences	-	-	488.07	343.28
	236.33	110.23	511.04	392.94

For details about the related employee benefit expenses, refer to note 30.

B. Defined Benefit Plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employees who have completed at least five years of service are entitled to specific benefit. The level of benefit provided depends on the member's length of service and salary retirement age. The employee is entitled to a benefit equivalent to 15 days salary last drawn salary for each completed year of service with part thereof in excess of six months. The same is payable on termination of service or retirement or death whichever is earlier. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation as at the reporting date using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligations are measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government bonds as at the date of actuarial valuation. Remeasurement gains and losses (net of tax) are recognised immediately in the Other Comprehensive Income (OCI).

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India (LIC).

(i) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Group does not expect any significant liquidity risks.

Particulars	As at 31 March 2020	As at 31 March 2019
(ii) Reconciliation of present value of defined benefit obligation		
Present value of obligation at the beginning of the year	893.75	731.72
Current service cost	99.59	86.26
Interest cost	57.70	54.88
Benefits paid*	(44.83)	(50.21)
Actuarial (gains)/losses recognised in other comprehensive income		
- experience adjustments	65.08	71.10
Present value of obligation at the end of the year	1,071.28	893.74

*Includes Rs. 8.98 directly paid by the Company

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

(iii) Reconciliation of the present value of plan assets

Plan assets at the beginning of the year, at fair value	733.86	641.66
Return on plan assets recognised in other comprehensive income	(7.41)	(17.33)
Contributions	75.10	111.62
Benefits paid	(35.86)	(50.21)
Interest income	46.29	48.13
Plan assets at the end of the year, at fair value	811.98	733.86

(iv) Amount recognized in the balance sheet

Present value of the defined benefit obligations at the end of the year	1,071.28	893.74
Fair value of plan assets at the end of the year	(811.98)	(733.86)
Net liability recognized in the balance sheet*	259.30	159.87

* Shown under the head "Provision for employee benefits"

(v) Plan assets

Plan assets comprise of the following:

Particulars	As at 31 March 2020	As at 31 March 2019
Policy of insurance	811.98	733.86
	811.98	733.86

(vi) Amount recognized in the Statement of Profit and Loss

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	99.59	86.26
Interest cost (net)	11.41	6.75
Amount recognized in the Statement of Profit and Loss	111.00	93.02

(vii) Remeasurements recognised in other comprehensive income

Acturial gain/loss on the defined benefit obligation	65.07	71.10
Return on plan assets excluding interest income	7.41	17.33
Amount recognized in other comprehensive income	72.48	88.43

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

b) Demographic assumptions:	As at 31 March 2020	As at 31 March 2019
Retirement age	58 years	58 years
Mortality	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2006-08)
Attrition rate	Ultimate	Ultimate
Upto 30 years	3%	3%
31 to 44 years	2%	2%
45 and above	1%	1%

(ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(92.10)	107.37	(49.94)	65.29
Future salary growth (0.50% movement)	107.77	(93.84)	63.17	(54.84)

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

(x) Expected future benefit payments

The expected maturity analysis of undiscounted defined benefit liability is as follows:	As at 31 March 2020	As at 31 March 2019
Within 1 year	191.89	105.60
1-2 year	122.72	138.03
2-5 years	316.42	264.76
5-10 years	684.76	562.57

(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan

	As at 31 March 2020	As at 31 March 2019
Weighted average duration (in years)	13.67	10.16
Expected Employers contribution for the next year	119.38	68.22

C. Defined contribution Plan

The Group makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Group is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes.The expense recognised towards contrbution of these plans is as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Provident fund	399.33	292.24
Superannuation fund	14.67	13.14
Employees' state insurance scheme	44.03	69.87
Pension fund	62.68	59.87
	520.71	435.12

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D. Share based payments

(a) KDDL Employee Stock Option Plan - 2011 ("ESOP 2011")

The Holding Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company planned to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company. The outstanding options as at 31 March 2020 is NIL (31 March 2019: 18,750).

Fifty percent of the options which have been granted under ESOP 2011 were vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the previous years to the eligible employees. The balance options shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs. 15,000.00 ('second tranche'). The exercise period for the options is within six months from the date of vesting of the options. Each option is exercisable for one equity share of Rs 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

	As at 31 March 2020		As at 31 March 2019	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Outstanding at beginning of the year	18,750	120	21,000	120
Forfeited during the period	(2,250)	-	(2,250)	-
Exercised during the period	(16,500)	120	-	-
Outstanding at end of the year	-	-	18,750	120

(ii) Expense recognised in statement of profit and loss

The expenses arising from share-based payment transaction recognised in statement of profit and loss as part of employee benefit expense / (income) for the year ended 31 March 2020 and 31 March 2019, were Rs.(16.34) and Rs. (1.96) respectively on account of expiry of share options on resignation and exercise of stock option by certain employees.

(iii) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair

	Year ended 31 March 2020	Year ended 31 March 2019
Fair value at grant date	87.13	87.13
Share price at grant date	133.00	133.00
Exercise Price	120.00	120.00
Risk Free interest rate (in %)	8.50%	8.50%
Expected life (in years)	88	88
Expected volatility (in %)*	66.49%	66.49%
Expected dividend Yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

(b) Ethos Employee Stock Option Plan - 2013

In the Extraordinary General Meeting held on 10.03.2014, the shareholders approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013"

The ESOP allows the issue of options to eligible employees of the subsidiary company. Each option comprises one underlying equity share.

As per the Scheme, the Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1) 50% of the options granted to the selected employee shall vest on 1 October 2017 in case there is continuation of his service till the date of vesting.
2) 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 in any financial year by the subsidiary company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The compensation committee shall declare such date as and when it is triggered.

The subsidiary company has in its Performance Evaluation and Guidance-cum-Nomination and Remuneration Committee (formerly known as Compensation Committee) meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company.The above options have been issued by the Compensation Committee in accordance with the terms and conditions of the "Ethos Employee Stock Option Plan – 2013"

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

	As at 31 March 2020		As at 31 March 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	150,750	120	168,250	120
Lapsed during the period	8,000	-	17,500	-
Exercised during the period	15,000	120	-	-
Outstanding at end of the year	127,750	120	150,750	120

	As at 31 March 2020		As at 31 March 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	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 2020 have an exercise price of Rs.120 (31 March 2019 : Rs.120) and a weighted average remaining contractual life in the range of 0.16 to 0.56 years years (31 March 2019 : 1.16 to 1.56 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 2020 and 31 March 2019, were Rs. (18.11) and Rs. (7.81) 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 2020	Year ended 31 March 2019
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.

(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) **Joint Venture**
Pasadena Retail Private Limited (w.e.f. 03 May 2019)

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

(a) Names of KMP	Names of their close family members (refer note 2)
- Mr. Yashovardhan Saboo (Chairman and managing director)	Mr. R.K. Saboo (father), Mrs. Usha Devi Saboo (mother), Mrs. Anuradha Saboo (spouse) Mr. Pranav Shankar Saboo (Son), Mrs. Malvika Singh (son's spouse) Ms. Satvika Saboo (daughter)
- Mr. Sanjeev Kumar Masown (Chief financial officer and Director)	Mrs. Neeraj Masown (spouse), Mr. Lal Chand Masown (father)

(b) Related entities of KMP
- Vardhan Properties & Investments Limited
- VBL Innovations Private Limited
- Dream Digital Technology Limited
- KDDL Ethos Foundation
- Saboo Ventures LLP
- Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF
- Anacott Trading SA
- Saboo Housing Projects LLP
- Saveeka Family Trust
- Swades Capital LLC

(c) Non-executive Directors	Names of their close family members (refer note 2)
- Mr. Anil Khanna	Mrs. Alka Khanna (spouse)
- Mr. Torsten Buchwald (till 02 November 2019)	
- Mr. Jagesh Khaitan (till 07 November 2019)	
- Ms. Ranjana Agarwal	
- Mr. Praveen Gupta	
- Mr. Vishal Satinder Sood	
- Mr. Jai Vardhan Saboo	
- Mr. Sanjiv Sachar	

Notes:
1. On 9 July 2018, the Company has sold its entire 22% share (held through Kamla International Holdings SA) in its associate 'Cadrafin GmbH'.
2. With respect to the key managerial personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year.

c) Related party transactions
Year ended 31 March 2020

	Associate	Joint venture	Related entities of KMP	Key management personnel (KMP)	Other related parties
1 Sale of goods and services					
Mr. Yashovardhan Saboo	-	-	-	9.18	-
Mr. R. K. Saboo	-	-	-	-	16.77
Mr. Pranav Shankar Saboo	-	-	-	-	3.81
Mr. Jai Vardhan Saboo	-	-	-	-	14.32
Ms. Satvika Saboo	-	-	-	-	0.37
2 Purchase of goods					
Mr. Yashovardhan Saboo	-	-	-	5.00	-
Anacott Trading SA	-	-	268.41	-	-
3 Payment of lease liabilities					
Kamla Tesio Dials Limited	6.00		-	-	-
Mr. Yashovardhan Saboo	-		-	31.06	-
Mrs. Anuradha Saboo	-		-	-	16.54
4 Compensation to key managerial personnel*					
Short-term employee benefits					
Mr. Yashovardhan Saboo	-	-	-	135.73	-
Mr. Sanjeev Kumar Masown	-	-	-	89.61	-
5 Interest income					
Mr. Sanjeev Kumar Masown	-	-	-	1.96	-
6 Interest paid/ accrued					
Vardhan Properties and Investment Limited	-	-	10.52	-	-
VBL Innovations Private Limited	-	-	20.39	-	-
Dream Digital Technology Private Limited	-	-	6.14	-	-
Saboo Ventures LLP	-	-	40.11	-	-
Saboo Housing Projects LLP	-	-	0.53	-	-
Mr. R. K. Saboo	-	-	-	-	9.05
Mr. Sanjeev Kumar Masown	-	-	-	4.63	-
Ms. Neeraj Masown	-	-	-	-	3.70
Mr. Lal Chand Masown	-	-	-	-	0.72
Mr. Yashovardhan Saboo	-	-	-	8.08	-
Mr. Anil Khanna	-	-	-	8.50	-
Mrs. Alka Khanna	-	-	-	-	3.08
Ms. Ranjana Agarwal	-	-	-	28.89	-
Mrs. Usha Devi Saboo	-	-	-	-	10.06
Mrs. Anuradha Saboo	-	-	-	-	1.18
7 Deposits from shareholders / directors accepted/renew					
Mr. Sanjeev Kumar Masown	-	-	-	38.93	-
Ms. Neeraj Masown	-	-	-	-	16.36
Mr. Lal Chand Masown	-	-	-	-	8.80
Vardhan Properties and Investment Limited	-	-	10.00	-	-
Mrs. Alka Khanna	-	-	-	-	0.50
Mr Anil Khanna	-	-	-	96.60	-
Ms. Ranjana Agarwal	-	-	-	237.07	-
Mr. Yashovardhan Saboo	-	-	-	140.00	-
Mr. R. K. Saboo	-	-	-	-	180.00
Mrs. Usha Devi Saboo	-	-	-	-	11.00
Mrs. Anuradha Saboo	-	-	-	-	20.00
8 Deposits from shareholders / directors repaid					
Mrs. Alka Khanna	-	-	-	-	0.50
Ms. Ranjana Agarwal	-	-	-	30.00	-
Mr Anil Khanna	-	-	-	68.04	-
Mr. Lal Chand Masown	-	-	-	-	2.00
Ms. Neeraj Masown	-	-	-	-	12.00
Vardhan Properties and Investment Limited	-	-	10.00	-	-
Mr. Sanjeev Kumar Masown	-	-	-	22.00	-
Saboo Housing Projects LLP	-	-	-	-	7.00
9 Issue of equity shares under ESOP Scheme (including security premium)					
Mr. Sanjeev Kumar Masown	-		-	3.60	-
10 Reimbursement of expenses received by the Company					
Mr. R.K. Saboo	-	-	-	-	12.63
Pasadena Retail Private Limited	-	13.55	-	-	-
Anacott Trading SA	-	-	3.32	-	-
11 Rent received					
Dream Digital Technology Private Limited	-	-	0.60	-	-
12 Loan taken					
Vardhan Properties and Investment Limited	-	-	200.00	-	-
Swades Capital LLC	-	-	-	-	394.38
13 Loan repaid					
Dream Digital Technology Private Limited	-	-	75.00	-	-
Mr. Yashovardhan Saboo	-	-	24.83	-	-

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

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

Year ended 31 March 2020 (Continued)	Associate	Joint venture	Entities over which significant influence is exercised	Key management personnel	Other related parties
14 Director fees					
Mr. Yashovardhan Saboo	-	-	-	3.38	-
Mr. Anil Khanna	-		-	8.21	-
Mr. Jai Vardhan Saboo	-		-	1.20	-
Mr. Jagesh Khaitan	-		-	2.40	-
Ms. Ranjana Agarwal	-		-	5.20	-
Mr. Praveen Gupta	-		-	4.80	-
Mr. Sanjiv Sachar	-		-	3.50	-
Mr. Torsten Buchwald	-	-	-	0.60	-
15 Repayment of loans given by the Company					
Mr. Sanjeev Kumar Masown	-		-	4.00	
16 Management consultancy fees paid					
Mrs. Anuradha Saboo	-		-		10.00
17 CSR contribution made					
KDDL Ethos Foundation	-		24.50		-
18 Dividend paid					
Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-		-	-	4.53
Mr. R. K. Saboo	-	-	-	-	80.85
Mr. Yashovardhan Saboo	-		-	65.42	-
Mrs. Usha Devi Saboo	-	-	-	-	20.30
Mrs. Anuradha Saboo	-		-	-	19.66
Mr. Pranav S Saboo	-	-	-		21.92
Ms. Satvika Saboo	-	-	-	-	6.11
Vardhan Properties and Investment Limited	-	-	0.41	-	-
Dream Digital Technology Limited	-	-	0.87	-	-
Mr. Jagesh Khaitan	-	-	-	0.01	-
Mr. Sanjiv Sachar	-	-	-	0.06	-
Mr. Sanjeev Kumar Masown	-	-	-	0.15	-
Mr. Anil Khanna	-		-	0.09	-
Mrs. Alka Khanna	-		-	-	0.01
19 Employee benefit expense					
Mr. R. K. Saboo	-	-	-	-	30.00
Mr. Pranav Saboo	-	-	-	-	141.92
Mrs. Anuradha Saboo	-	-	-	-	6.44
20 Guarantees taken					
Mr. Yashovardhan Saboo	-	-	-	1,993.17	-
21 Investments made					
Pasadena Retail Private Limited	-	100.00	-	-	-
22 Security deposit received					
Mr. Yashovardhan Saboo	-	-	-	2.00	-

Year ended 31 March 2019	Associates	Joint venture	Related entities of KMP	Key management personnel (KMP)	Other related 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 Compensation to key managerial personnel*					
Short-term employee benefits					
Mr. Yashovardhan Saboo	-	-	-	88.13	-
Mr. Sanjeev Kumar Masown	-	-	-	81.62	-
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
6 Deposits from shareholders / directors accepted/renew					
Ms. Neeraj Masown	-	-	-	-	12.00
Mr. Lal Chand Masown	-	-	-	-	2.64
Vardhan Properties & Investment Ltd.	-		13.00	-	-
Mrs. Alka Khanna	-	-	-	-	23.08
Ms. Ranjana Agarwal	-	-	-	-	153.00
7 Deposits from shareholders / directors repaid					
Mrs. Alka Khanna	-	-	-	-	20.20
Ms. Ranjana Agarwal	-	-	-	-	20.00
Mr. Lal Chand Masown	-	-	-	-	1.89
Vardhan Properties and Investment Limited	-	-	8.00	-	-
8 Reimbursement of expenses paid by the Company					
Dream Digital Technology Private Limited	-	-	0.10	-	-
Kamla Tesio Dials Limited	0.06	-	-	-	-
VBL Innovations Private Limited	-	-	3.33	-	-

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

Year ended 31 March 2019 (Continued)	Associates	Joint venture	Entities over which significant influence is exercised	Key management personnel	Other related parties
9 Rent received	-	-	0.60	-	-
Dream Digital Technology Private Limited					
10 Loan paid	-	-	-	70.00	-
Mr. R. K. Saboo					
11 Inter Corporate deposit repayment received	-	-	100.00	-	-
Dream Digital Technology Limited					
12 Director fees	-	-	-	4.50	-
Mr. Yashovardhan Saboo	-	-	-	11.78	-
Mr. Anil Khanna	-	-	-	0.45	
Mr. Jai Vardhan Saboo	-	-	-	1.65	-
Mr. Jagesh Khaitan	-	-	-	2.45	-
Ms. Ranjana Agarwal	-	-	-	2.10	-
Mr. Praveen Gupta	-	-	-	1.90	-
Mr. Sanjiv Sachar	-	-	-	0.40	-
Mr. Torsten Buchwald	-				
13 Repayment of loans given by the Company	-	-	-	5.81	-
Mr. Sanjeev Kumar Masown					
14 Management consultancy fees paid	-	-	23.10	-	-
Dream Digital Technology Limited					
15 CSR contribution made	-	-	26.13	-	-
KDDL Ethos Foundation					
16 Dividend paid		-	2.52	-	-
Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	-	-	46.21
Mr. R. K. Saboo	-	-	-	38.68	-
Mr. Yashovardhan Saboo	-	-	-	-	11.28
Mrs. Usha Devi Saboo	-	-	-	-	10.92
Mrs. Anuradha Saboo	-	-	-	-	8.30
Mr. Pranav S Saboo	-	-	-	-	3.39
Ms. Satvika Saboo	-	-	0.23	-	-
Vardhan Properties & Investment Limited	-	-	0.56	-	-
Dream Digital Technology Limited	-	-	-	0.01	-
Mr. Jagesh Khaitan	-	-	-	0.04	-
Mr. Sanjiv Sachar	-	-	-	0.03	-
Mr. Sanjeev Kumar Masown	-	-	-	0.05	-
Mr. Anil Khanna	-	-	-	-	0.01
Mrs. Alka Khanna	-				
17 Employee benefit expense				-	30.00
Mr. R. K. Saboo	-	-	-	-	135.20
Mr. Pranav Saboo	-	-	-		6.36
Mrs. Anuradha Saboo	-	-	-		

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

d) Amount outstanding

As at 31 March 2020	Associates	Joint venture	Related entities of KMP	Key management personnel (KMP)	Other related parties
1 Loans and advances	-	-	-	30.30	-
Mr. Sanjeev Kumar Masown					
2 Other financial assets	-	-	0.53	-	-
Dream Digital Technology Limited					
3 Payables	-	-	0.68	-	-
Dream Digital Technology Private Limited	1.47	-	-	-	-
Kamla Tesio Dials Limited	-	-	8.98	-	-
Saboo Ventures LLP	-	-	4.96	-	-
Vardhan Properties and Investment Limited	-	-	51.41	-	-
Anacott Trading SA					
4 Guarantees taken		-	-	-	4,939.24
Mr. R. K. Saboo	-	-	-	13,923.24	-
Mr. Yashovardhan Saboo	-	-	-	-	254.24
Mrs. Usha Devi Saboo	-	-	-		
5 Deposits from shareholders / directors	-	-	-	41.13	-
Mr. Sanjeev Kumar Masown	-	-	-	-	11.44
Mr. Lal Chand Masown	-	-	-	-	32.59
Ms. Neeraj Masown	-	-	-	68.56	-
Mr. Anil Khanna	-	-	-	-	24.08
Mrs. Alka Khanna	-	-	-	390.07	-
Ms. Ranjana Agarwal	-	-	40.00	-	-
Vardhan Properties and Investment Limited	-	-	-	-	400.00
Saboo Ventures LLP	-	-	-	-	180.00
Mr. R. K. Saboo	-		-	140.00	
Mr. Yashovardhan Saboo		-	20.00	-	-
Mr. Anil Khanna	-	-	-	-	5.61
Mrs. Alka Khanna	-	-	-	-	96.00
Mrs. Usha Devi Saboo	-	-	-	-	20.00
Mrs. Anuradha Saboo	-	-	50.00	-	
Saveeka Family Trust					
6 Interest accrued but not due	-	-	-	7.77	-
Mr. Sanjeev Kumar Masown	-	-	-	-	0.66
Mr. Lal Chand Masown	-	-	-	-	3.38
Mrs. Neeraj Masown	-	-	-	1.40	-
Mr. Anil Khanna	-	-	-	-	0.08
Mrs. Alka Khanna	-	-	-	28.93	-
Ms. Ranjana Agarwal					
7 Unsecured Loans	-	-	25.00	-	-
Dream Digital Technology Private Limited	-	-	210.00	-	-
Vardhan Properties & Investment Limited	-	-	150.00	-	-
VBL Innovations Private Limited	-	-	-	80.95	-
Mr. Yashovardhan Saboo	-	-		-	394.38
Swades Capital LLC					
8 Employee related payables	-	-	-	1.69	-
Mr. Yashovardhan Saboo	-	-	-	2.43	-
Mr. Sanjeev Kumar Masown	-	-	-	-	2.00
Mr. R.K. Saboo					
9 Balance due from the related parties	-	-	-	-	14.32
Mr. R.K. Saboo	-	-	-	5.83	-
Mr. Yashovardhan Saboo	-	-	-	-	4.49
Mr. Pranav Shankar Saboo	-	-	-	-	0.43
Ms. Satvika Saboo	-	15.35	-	-	-
Pasadena Retail Private Limited					
10 Balance due to the related parties	-	-	-	-	0.16
Mr. Pranav Shankar Saboo	-	-	-	-	1.13
Mrs. Anuradha Saboo					

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As at 31 March 2019	Associates	Joint venture	Related entities of KMP	Key management personnel (KMP)	Other related parties
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 Other current liabilities					
Kamla International Holdings SA		-	0.54	-	-
4 Guarantees taken					
Mr. R. K. Saboo	-		-	-	4,979.18
Mr. Yashovardhan Saboo	-	-	-	6,040.83	-
Mrs. Usha Devi Saboo	-	-		-	294.18
5 Security deposit taken					
Mr. Yashovardhan Saboo	-			2.00	-
6 Deposits from shareholders / directors					
Mr. Sanjeev Kumar Masown	-	-	-	24.20	
Mr. Lal Chand Masown	-	-	-		4.64
Ms. Neeraj Masown	-	-		-	28.23
Mr. Anil Khanna	-	-		60.00	-
Mrs. Alka Khanna	-	-	-		29.69
Ms. Ranjana Agarwal	-	-	-	183.00	-
Vardhan Properties and Investment Limited	-	-	40.00	-	-
Mrs. Usha Devi Saboo	-	-	-	85.00	
Saveeka Family Trust	-	-	50.00	-	-
7 Interest accrued but not due					
Mr. Sanjeev Kumar Masown	-	-	-	5.56	-
Mr. Lal Chand Masown	-	-	-		0.82
Mrs. Neeraj Masown	-	-	-		4.43
Mr. Anil Khanna	-	-		6.74	-
Mrs. Alka Khanna	-	-	-	-	0.02
Ms. Ranjana Agarwal	-	-	-	15.00	
7 Unsecured loans					
Dream Digital Technology Private Limited	-	-	100.00	-	
Vardhan Properties & Investment Limited	-	-	10.00	-	-
Saboo Ventures LLP	-	-	400.00	-	-
Saboo Housing Projects LLP	-	-	7.00	-	-
VBL Innovations Private Limited	-	-	150.00	-	-
Mr. Yashovardhan Saboo	-	-	-	125.78	-
8 Employee related payables					
Mr. Yashovardhan Saboo	-	-	-	3.31	-
Mr. Sanjeev Kumar Masown	-	-	-	3.01	-
Mr. R.K. Saboo	-	-	-	-	2.50

e) Other transactions

1. Security being provided by Directors and relatives of directors for long term loan taken from Indiabulls Housing Finance Limited by providing exclusive mortgage and charge on their personal property for this loan.
2. Security being provided by Managing Director of the Company for loan taken from Bank of Maharashtra by pledging 360,000 shares of KDDL limited held by him.

f) Terms and conditions of transactions with related parties

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

46 Operating segments

(a) *Basis for segmentation*

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

The Group has four reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman and Managing Director reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Precision and watch components	Manufacturing and distribution of dials, watch hands and precision components
Watch and accessories	Trading of watches and accessories
Marketing and other support services	IT based business solutions
Others	Manufacturing and distribution of packaging boxes

(b) *Information about reportable segments*

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Year ended 31 March 2020	Precision and watch components	Watch and watch accessories	Marketing support and other services	Others	Total
Segment revenue:					
- External revenues	18,431.82	45,942.84	802.81	858.00	66,035.47
- Inter-segment revenue	-	(4.92)	(802.81)	-	(807.73)
Total segment revenue	18,431.82	45,937.92	-	858.00	65,227.75
Segment profit/(loss) before income tax	2,290.16	1,603.41	297.21	43.60	4,234.38
Segment assets	20,598.97	41,165.71	43.98	419.32	62,227.99
Segment assets include:					
- Investments accounted for using equity method	95.10	-	-	-	95.10
- Capital expenditure during the year	2,254.77	1,381.96	0.98	4.01	3,641.72
Segment liabilities	2,953.59	9,461.92	31.90	86.22	12,533.63

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44 Operating segments (Continued)

Year ended 31 March 2019	Precision and watch components	Watch and watch accessories	Marketing support and other services	Others	Total
Segment revenue:					
- External revenues	18,879.14	44,295.00	872.00	714.00	64,760.14
- Inter-segment revenue	(46.17)	(1,515.55)	(697.57)	-	(2,259.29)
Total segment revenue	18,832.97	42,779.45	174.43	714.00	62,500.85
Segment profit/(loss) before income tax	2,530.19	3,195.00	343.00	149.00	6,217.19
Segment assets	19,338.44	28,689.29	190.00	790.00	49,007.73
Segment assets include:					
- Investments accounted for using equity method	28.14	-	-	-	28.14
- Capital expenditure during the year	2,671.62	1,299.26	-	2.08	3,972.96
Segment liabilities	3,077.78	8,068.24	107.00	116.20	11,369.22

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

	As at 31 March 2020	As at 31 March 2019
i. Revenues		
Total revenue for reportable segments	66,035.47	64,760.14
Elimination of inter-segment revenue	(807.73)	(2,259.29)
Total revenue	65,227.75	62,500.85
ii. Profit before tax		
Total profit before tax for reportable segments	4,234.38	6,217.57
Finance cost	(2,853.38)	(1,423.35)
Unallocated amounts:		
Corporate expenses (net of un-allocated revenue)	(870.29)	(752.70)
Consolidated profit before tax	510.71	4,041.52

	As at 31 March 2020	As at 31 March 2019
iii. Assets		
Total assets for reportable segments	62,227.99	49,007.73
Unallocated amounts	3,491.82	2,879.06
Consolidated total assets	65,719.80	51,886.79
iv. Liabilities		
Total liabilities for reportable segments	12,533.63	11,369.22
Unallocated amounts	30,445.48	17,018.25
Consolidated total liabilities	42,979.11	28,387.47

v. Other material items

	Reportable segment total	Adjustments	Consolidated total
Year ended 31 March 2020			
Finance cost	-	2,853.38	2,853.38
Capital expenditure during the year	3,641.72	15.96	3,657.68
Depreciation and amortisation expense	4,629.18	176.87	4,806.05
Year ended 31 March 2019			
Finance cost	-	1,423.35	1,423.35
Capital expenditure during the year	3,972.96	53.68	4,026.64
Depreciation and amortisation expense	1,250.51	62.31	1,312.82

(d) *Geographical information*

	Year ended 31 March 2020	Year ended 31 March 2019
i. Revenues		
India	54,817.03	53,297.02
Outside India		
Switzerland	8,134.46	7,675.61
Germany	1,374.33	761.10
United Kingdom	418.89	-
USA	72.29	230.69
France	190.79	238.21
Israel	62.11	-
Dubai	58.37	-
Nigeria	7.29	86.68
Taiwan	11.47	100.31
Other countries	80.71	111.23
Total outside India	10,410.72	9,203.83
Total	65,227.75	62,500.85

	Year ended 31 March 2020	Year ended 31 March 2019
ii. Non-current assets		
India	26,596.28	15,710.57
Outside India		
Switzerland	3,323.05	2,677.15
Total outside India	3,323.05	2,677.15
Total	29,919.32	18,387.72

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

(e) *Major customer*
For the year ended 31 March 2020 and 31 March 2019, there is no major customer with respect to consolidated revenue of the group.

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45 Group as a lessee
The Holding Company has lease contracts for various items of plant and equipment, building and land used in its operations. Leases of plant and equipment generally have lease terms between 3-5 years, while buildings generally have lease terms between 1-10 years, while leasehold land has lease term of 99 years. Further, The Ethos Limited, a subsidiary company has lease contracts for various retail stores to be used for its operations. The Leases generally have lease terms 3-5 years. The Group obligations under its leases are secured by the lessor's title to the leased assets.

The Group has adopted Ind AS 116 w.e.f. 01 April 2019, in case of one of the subsidiary company, namely, Ethos Limited, the application and transition to this accounting standard is complex since the Company has a large number of leases with different contractual terms. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term.

The Group has certain leases with lease terms of 12 months or less and certain leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Plant and equipment	Building	Leasehold land* $	Stores	Total
As at 01 April 2019	388.45	516.66	560.80	11,888.79	13,354.70
Additions	83.05	2.66	-	112.64	198.36
Portion of security deposit reclassified from prepaid expenses	13.08	6.41	-	570.35	589.83
Depreciation expense	(129.43)	(125.53)	(6.30)	(2,796.60)	(3,057.86)
Deletions/Modification	-	-	-	(128.11)	(128.11)
As at 31 March 2020	355.14	400.21	554.50	9,647.07	10,956.92

Reclassified from property, plant and equipment (PPE)

$ Includes leasehold land of Rs. 5.67 (31 March 2019: Rs. 5.67) situated at Parwanoo for which the Company is in the process of completing formalities for transferring the title deed in its own name.

The carrying amounts of lease liabilities and the movements during the year:

Particulars	Total
As at 01 April 2019	12,793.90
Additions	198.36
Accretion of interest	1,150.93
Payments	(3,381.21)
Deletions/Modification	(128.11)
As at 31 March 2020	10,633.87
Current	2,092.92
Non-current	8,540.95

The details regarding the maturity analysis of lease liabilities as at March 31, 2020 on an undiscounted basis is disclosed in Note 36.

Considering the lease term of the leases, the effective interest rate for lease liabilities varies from 11.63% to 11.98%.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit and loss:

Particulars	Plant and	Building	Land	Stores	Total
Depreciation expense of right-of-use assets	129.43	125.53	6.30	2,796.60	3,057.86
Interest expense on lease liabilities	45.60	56.51	-	1,048.82	1,150.93
Expense relating to short-term leases (included in other expenses)*	-	28.20	-	245.89	274.09
Total amount recognised in profit and loss	175.03	210.24	6.30	4,091.31	4,482.88

** Gross of reimbursement received of Rs. 171.78*

The Group had total cash outflows for leases of INR 3,381.21 in 31 March 2020 (INR 203.34 in 31 March 2019).

46 The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

47 Disclosures pursuant to Section 186 of the Companies Act, 2013:	As at 31 March 2020	As at 31 March 2019
Investment		
Investment in associate: Kamla Tesio Dials Limited		
Balance as at the year end	28.53	28.14
Maximum amount outstanding at any time during the year	28.53	28.14
Investment in joint venture: Pasadena Retail Private Limited		
Balance as at the year end	66.57	-
Maximum amount outstanding at any time during the year	100.00	-
Investment in company: Karolview Developers Private Limited		
Balance as at the year end	44.15	45.80
Maximum amount outstanding at any time during the year	45.80	45.80
Investment in company: Shivalik Waste Management Limited		
Balance as at the year end	3.58	3.23
Maximum amount outstanding at any time during the year	3.58	3.23

48 In terms with the provisions of Ind AS – 110 " Consolidated Financial Statements ", the Parent Company has computed its share of losses after adjusting for the cumulative dividends on preference share capital issued by the subsidiary companies, though, dividends have not been declared by such subsidiaries. The details of the dividend adjusted during the year is as follows :

	Year ended 31 March 2020		Year ended 31 March 2019	
	Amount of dividend	Dividend per share	Amount of dividend	Dividend per share
14% cumulative compulsory convertible preference shares	-	-	101.50	18.20
	-		101.50	

Arrears of fixed cumulative preference shareholders amounts to Nil (previous year: Rs. 444.29) has been included in minority interest.

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

50 During the year ended March 31, 2019, the Group had acquired 100% stake of Estima AG at fair value through its subsidiaries Kamla International Holding SA (acquired 70% in Estima AG) and Pylania SA (acquired 30% in Estima AG). The calculation of Capital reserve for the purpose of consolidation is being recomputed, considering the values at the time of date of acquisition due to calculation error at the time of consolidation of the Ind AS financial statements of the aforesaid subsidiary company for the year ended March 31, 2019. The above errors correction has resulted in decrease in the value of Capital reserve by Rs. 4,496.23 and consequential impact of increase in "Retained Earnings" by Rs. 6,167.99, decrease in "Legal Reserve" by Rs. 121.64, decrease in "Amalgamation Reserve" by Rs. 911.32, and decrease in "Revaluation Surplus" by Rs. 638.80. There is no impact on the consolidated profit before and after tax for the year ended March 31, 2019.

51 Considering the accumulated losses, impairment indicators were identified in relation to property, plant and equipment (PPE) in subsidiary Estima AG. As a result, an impairment assessment was required to be performed by comparing the carrying value of the PPE to its recoverable amount to determine whether an impairment was required to be recognised. The recoverable amount was determined to be the higher of the fair value less cost of disposal, and the value in use, determined by discounting future cash flows. Based on the impairment assessment carried out by the management, recoverable amount from these PPE is higher than their carrying amount, hence no impairment provision required to be made.

52 (i) The Group corrected a computation error in Basic and Diluted Earnings Per Share (EPS) for the previous year presented, to the extent applicable, resulting in to a decrease of Basic and Diluted EPS by Rs.2.67 per share for the year ended March 31, 2019.

(ii) The Group has made certain adjustments in segment disclosures including but not limited to past errors or moving from capital employed based presentation to segment asset and liabilities presentation (such as certain inter segment items, finance cost, income tax balances and borrowings and interest accrued on borrowings in total liabilities) as at March 31, 2019. Consequential material changes in various line items are tabulated below:

Particulars	As at 31 March 2019 (Restated)	As at 31 March 2019 (Published)	Adjustment
Segment revenue			
Precision and watch components	18,879.14	18,284.98	594.16
Watch and accessories	44,295.00	47,319.65	(3,024.65)
Marketing support and other services	872.00	1,569.45	(697.45)
Inter segment revenue	(2,259.29)	(2,733.19)	473.90
Segment profit/(loss) before income tax			
Precision and watch components	2,530.19	1,944.49	585.70
Watch and accessories	3,195.00	2,505.85	689.15
Others	149.00	143.09	5.91
Finance costs	(1,423.35)	-	(1,423.35)
Other un-allocable expenditure (net of un-allocable income)	(752.70)	(1,307.38)	554.68
Consolidated profit before tax	4,041.52	3,628.76	412.76
Segment Assets			
Precision and watch components	19,338.44	18,930.00	408.44
Watch and accessories	28,689.29	28,857.00	(167.71)
Unallocated	2,879.06	2,401.56	477.50
Segment liabilities			
Precision and watch components	3,077.78	3,071.00	6.78
Watch and accessories	8,068.24	8,406.00	(337.76)
Others	116.20	127.00	(10.80)
Unallocated	17,018.25	756.00	16,262.25

(iii) The Ind AS financial statements of the Group for the year ended March 31, 2019, included in these consolidated Ind AS financial statements have been restated as at March 31, 2019. These adjustments to the consolidated Ind AS financial statements have been made to the comparative consolidated Ind AS financial statements presented as at March 31, 2019.

Particulars	As at 31 March 2019 (Restated)	As at 31 March 2019 (Published)	Adjustment	Nature
Assets				
Non-current assets				
Financial assets				
- Other financial assets	119.99	141.25	(21.26)	Reclassification items
Other non-current assets	563.30	560.24	3.06	Reclassification item
Current assets				
Financial assets				
- Trade receivables	3,113.97	3,036.41	77.56	Reclassification item
- Cash and cash equivalents	1,596.50	1,695.42	(98.92)	Reclassification items
- Other bank balances	636.36	609.09	27.27	Reclassification item
- Other financial assets	587.16	249.38	337.78	Reclassification items
Other current assets	3,094.10	3,161.38	(67.28)	Reclassification items
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	6,724.77	6,513.96	210.81	Reclassification item
- Other financial liabilities	108.53	5.69	102.84	Reclassification item
Provisions	123.61	456.90	(333.29)	Reclassification item
Current liabilities				
Financial liabilities				
- Trade Payables	8,461.67	8,255.27	206.40	Reclassification items
- Other financial liabilities	4,584.00	4,873.49	(289.49)	Reclassification items
Other current liabilities	940.96	913.34	27.62	Reclassification items
Provisions	400.23	66.94	333.29	Reclassification items
Income				
Revenue from operations	62,500.85	62,421.42	79.43	Reclassification item
Expenses				
Cost of materials consumed	4,590.53	4,456.46	134.07	Reclassification item
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(3,439.10)	(3,305.03)	(134.07)	Reclassification item
Finance costs	1,423.35	1,486.16	(62.81)	Reclassification item
Other expenses	11,286.91	11,144.67	142.24	Reclassification items

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

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53 Ethos Limited, a subsidiary company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the subsidiary company. The subsidiary company on a periodic basis physically verifies the inventory and makes an assessment of the inventory age listing to identify the slow-moving and obsolete inventories. The exercise has been carried out throughout the year and also at the year end. Considering the fact that, the company is into the business of trading of high end luxury watches the holding period for the same is higher and identification of slow-moving and obsolete inventories involved judgements considering the nature of the retail industry.

54 The other income for the year ended 31 March 2020 include (a) interest on income tax refunds received by the Parent Company for earlier years amounting to Rs. 89.53 and (b) Rs. 67.92 due to reductions/adjustments of loan payable to outsider as per the share purchase agreement in one of the subsidiary, Estima AG.

55 During the current year, the store heads of two stores operated by Ethos Limited, a subsidiary company have embezzled inventory of Rs. 60.79 by fictitiously billing watches under credit sale, reporting watches under layaway and pilfering physical inventory. The Company has discovered the fraud when it has decided to close down one of the store and at the time of shifting the physical stock from the store due for closure to another store the stock as per books did not tallied with the physical stock available for transfer. The Company has lodged police complaint and initiated legal action to recover the loss, pending which, the subsidiary company has written off an amount of Rs. 33.25, net of insurance claim recoverable of Rs. 27.54 under fidelity insurance cover. Further, the Company has withheld an amount of Rs. 6.47 payable to these employees as on date.

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

The Group has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right-of-use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the Covid-19 which may be different from that estimated as at the date of approval of these consolidated audited financial results. The Group will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

57 The Board of Directors had approved a scheme of Amalgamation of its subsidiary Company namely Satva Jewellery and Design Limited with the Holding Company under Section 230 to 233 of the Companies Act, 2013 ("the Act") with proposed appointed date of 01 April 2017.
The Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench, has passed an order dated 15 October 2019 directing both the Companies that the scheme should be considered as per the procedure laid down in Section 232 of the Act. Accordingly, the Board of Directors of the Holding Company at its meeting held on 03 December 2019 and 26 May 2020 respectively approved to file a new scheme of amalgamation under Section 232 together with other applicable provisions of the Act and the proposed appointed date has been changed from 01 April 2017 to 01 April 2019.

As per our report of even date

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

Anil Gupta
Partner
Membership No. 87921

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

Yashovardhan Saboo
Chief Executive officer and Vice Chairman
DIN: 00012158

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

Brahm Prakash Kumar
Company Secretary
Membership no. FCS7519

Place: New Delhi
Date: 27 June 2020

Place: Chandigarh
Date: 27 June 2020

1. Corporate information

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

These consolidated Ind AS financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associate and joint venture. The Group is primarily engaged in the business of manufacturing dials, watch hands and precision components and trading of watches, accessories and luxury items. Currently, the Group has its manufacturing facilities, at Parwanoo (Himachal Pradesh) and Derabassi (Punjab) – dial manufacturing, Bengaluru (Karnataka) - hands and precision components manufacturing and retail stores of watches across the country.

The consolidated Ind AS financial statements were approved for issue in accordance with a resolution of the directors on 27 June 2020.

2. Significant accounting policies

2.1 Basis of preparation

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

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

The consolidated Ind AS financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.
The consolidated Ind AS financial statements provide comparative information in respect of the previous period.

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

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

2.2 Summary of significant accounting policies

a. Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held for primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

b. Basis of consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

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The details of the consolidated entities are as follows:

S. No.	Name	Notes	Country of incorporation	31 March 2020 Percentage of Ownership	31 March 2019 Percentage of Ownership
1	Pylania SA	(a)	Switzerland	85.00%	85.00%
2	Kamla International Holdings SA		Switzerland	100.00%	100.00%
3	Ethos Limited***	(b)	India	73.56%	74.89%
4	Mahen Distribution Limited		India	98.72%	98.72%
5	Satva Jewellery and Design Limited		India	100.00%	100.00%
6	Cognition Digital LLP*	(c)	India	99.99%	99.99%
7	Kamla Tesio Dials Limited		India	30.00%	30.00%
8	Estima AG	(d)	Switzerland	95.50%	95.50%
9	Pasadena Retail Private Limited**	(e)	India	50.00%	-

Notes:
(a) Includes 47.25% (31 March 2019: 47.25%) held through Kamla International Holdings SA
(b) Includes 12.43% (31 March 2019: 13.39%) held through Mahen Distribution Limited
(c) Includes 99.99% (31 March 2019: 99.99%) held through Ethos Limited. *The percentage of holding denotes the share of profits in LLP.
(d) Includes 95.50% (31 March 2019: 95.50%) held through Kamla International Holdings SA and Pylania SA
(e) Includes 50% **(w.e.f. 03 May 2019) (31 March 2019: Nil) held through Ethos Limited.

*** During the year ended 31 March 2020, the Parent Company has invested INR 2,100 lakhs by way of preferential allotment of fully paid up 7,19,176 equity shares of INR 10 each of Ethos Limited (a subsidiary company) at a premium of INR 282 per share.

During the year ended 31 March 2020, Ethos Limited (a subsidiary company) has converted its 14% Cumulative Compulsorily Convertible Preference Shares into equity shares. Accordingly, 19,230 14% Cumulative Compulsorily Convertible Preference Shares of Ethos Limited (a subsidiary company) of INR 130 each were converted into 19,230 equity shares of INR 10 each.

Post the above allotment and conversion, consolidated shareholding of the Parent Company (directly and indirectly through its other subsidiary, Mahen Distribution Limited) in Ethos Limited as at March 31, 2020 is 73.56%.

Consolidation procedure

(i) Business Combinations

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The 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.

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(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated Ind AS financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests (NCI)

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

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Statement of Profit and Loss.

(v) Equity accounted investees

The Group's interests in equity accounted investees comprise interests in an associate and its joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associate and joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated Ind AS financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss.

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(viii) Foreign operations

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into Indian Rupees, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian Rupees at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Such exchange differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.
When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

Recognition and measurement

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

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

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,
(a) It is probable that future economic benefits associated with the item will flow to the entity, and
(b) The cost of the item can be measured reliably.

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

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

Subsequent expenditure

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

Depreciation

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

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

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

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

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

Depreciation on the property, plant and equipment of the Group's foreign subsidiary Pylania SA has been provided on straight-line method based on the estimated useful life of assets using the rates stated as follows:

Particulars	Rate
Buildings – Factory	1.5% to 8.5%
Plant and machinery	10% to 15%
Office equipment	8.5% to 15%
Motor vehicles	48%

Depreciation on the property, plant and equipment of the Group's foreign subsidiary Estima AG has been provided on straight-line method based on the estimated useful life of assets using the rates stated as follows:

Particulars	Rate
Buildings – Factory	3.33%
Plant and machinery	6.67%
Furniture	10.00%
Office equipment	10.00%
Motor vehicles	33.33%
Tools	33.33%

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

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

Derecognition

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

d. Intangible assets

Acquired Intangible

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

Subsequent expenditure

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

Amortisation

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

The estimated useful lives are as follows:

- Technical know-how	4 Years
- Software	6 Years

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

Derecognition

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

e. Inventories

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

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

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

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

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

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

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

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f. Retirement and other employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

g. Shared-based payments

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

h. Provisions

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

i. Contingent liabilities and contingent assets

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

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

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

j. Commitments

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

k. Revenue from contract with customer

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

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

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligation in contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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The Group disaggregates revenue from contracts with customers by geography.

Sale of services

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

The Group earns revenue primarily from manufacturing of watches dials, watch hands and precision components, trading of watches, accessories and luxury items and rendering related after sale services.

Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

Export benefits

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

Contract balances

Trade Receivable

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

Contract liabilities

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

l. Recognition of interest income or expense

Interest income or expense is accrued on a time basis and recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

m. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of

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time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n. **Taxes**

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

Current income tax

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

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

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

Minimum alternate tax

Minimum alternate tax ('MAT') under the provisions of Income-tax Act, 1961 is recognized as current tax in statement of profit and loss. The credit available under the Act in respect of MAT paid is adjusted from deferred tax liability only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized adjusted from deferred tax liability is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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

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

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

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

o. Leases

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

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

Operating leases

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

Finance leases

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

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

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

Group as a lessee

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

Right-of-use assets

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

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

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

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

Lease Liabilities

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

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

Short term leases and leases of low-value assets

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

Group as a lessor

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

p. Financial instruments

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

Financial assets

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

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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.

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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'

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arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

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

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

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

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

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

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

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

q. Impairment of non-financial assets

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

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

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

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

r. Operating Segments

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

s. Cash and cash equivalents

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

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

t. Cash flow statement

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

u. Government grants

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

v. Cash dividend

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

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w. Earnings per share

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

x. Foreign currencies

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

Transactions and balances

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

Measurement at the reporting date
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.
Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

y. Fair value measurement

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

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

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

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.
Further information about the assumptions made in measuring fair values used in preparing these consolidated Ind AS financial statements is included in the respective notes.

2.3 Changes in accounting policies and disclosures

New and amended standards

a) Ind AS 116 *Leases*

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

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

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

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

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

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

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

Leases previously classified as finance leases

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

Leases previously accounted for as operating leases

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

The Group also applied the available practical expedients wherein it:

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

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

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

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

Impact on balance sheet (increase/(decrease))

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

Liabilities	INR lakhs
Lease liabilities	10,633.87
Trade Payable	(15.38)
Total liabilities	**10,618.49**

Equity:	INR lakhs
Retained earnings	(489.85)

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

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

Impact on earning per share (Basic and Diluted EPS)

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

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

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

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

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.
The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Appendix had an impact on its consolidated Ind AS financial statements.

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

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

(i) Ind AS 109: Prepayment Features with Negative Compensation
(ii) Ind AS 19: Plan Amendment, Curtailment or Settlement
(iii) Amendments to Ind AS 28: Long-term interests in associates and joint ventures
(iv) Ind AS 103 Business Combinations
(v) Ind AS 111 Joint Arrangements
(vi) Ind AS 12 Income Taxes
(vii) Ind AS 23 Borrowing Costs

2.4 Significant accounting judgements, estimates and assumptions

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

a) Revenue from contracts with customers

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and performance bonuses. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component.

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Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

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

c) Defined benefit plans

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

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

d) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships

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

e) Property, plant and equipment

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

f) Intangible assets

Refer note 2.2(d) for the estimated useful life of intangible assets. The carrying value of intangible assets has been disclosed in note 4.

g) Contingencies

Refer note 2.2(i) and 41 for contingencies.

h) Impairment of financial assets

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

i) Impairment of non-financial assets

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

j) Share-based payments

Refer note 2.2(g) for share-based payments.

k) Leases – Estimating the incremental borrowing rate

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

l) Provision for slow and obsolete inventory

Ethos Limited, a subsidiary of the Parent Company is in business of trading of watches, accessories & luxury items and rendering of related after sale services and consists of inventory of watches at various stores of the subsidiary company. The subsidiary company on a periodic basis and at each reporting date assess the inventory age listing to identify slow-moving allowance and obsolete inventories and then estimates the amount of inventory provision. In doing so, it estimates the net realisable value of aged inventory based on current selling price of such/similar aged inventory and likely sales volume based discount offered and past sales trend. Also, the company reviews catalogues of various brands to verify whether all inventory items are appearing in them.

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Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
KDDL Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of KDDL Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint venture for the quarter ended December 31, 2020 and year to date from April 01, 2020 to December 31, 2020 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

S. No.	Name of subsidiaries/ associate/ joint venture	Relationship
1	Ethos Limited	Subsidiary
2	Mahen Distribution Limited	Subsidiary
3	Satva Jewellery and Design Limited	Subsidiary
4	Kamla International Holdings SA	Subsidiary
5	Pylania SA	Subsidiary
6	Estima AG	Subsidiary of Kamla International Holdings SA and Pylania SA
7	Kamla Tesio and Dials Limited	Associate
8	Cognition Digital LLP	Subsidiary of Ethos Limited
9	Pasadena Retail Private Limited	Joint venture of Ethos Limited

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 7 and 8 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. **Emphasis of Matter**

(a) We draw attention to Note 6 to the accompanying consolidated financial results, which describes that as per management's assessment the recoverable amount of net assets of Estima AG is in excess of carrying amount thereof as at December 31, 2020. The auditors of Estima AG has also included a Emphasis of Matter in their review report on the financial information of Estima AG for the quarter ended December 31, 2020.

Our conclusion is not modified in respect of this matter.

(b) We draw attention to Note 9 to the accompanying consolidated financial results, which describes the uncertainties and impact of COVID-19 pandemic on the Group's operations and results as assessed by the management.

Our conclusion is not modified in respect of this matter.

7. The accompanying Statement includes the unaudited interim financial results and other unaudited financial information of three subsidiaries included in the Group, whose results reflect total assets of Rs. 4640 lakhs as at December 31, 2020, total revenues of Rs. 706 lakhs and Rs. 1432 lakhs and, total net (loss) after tax of Rs. (27) lakhs and Rs. (177) lakhs, total comprehensive (loss) of Rs. (27) lakhs and Rs. (177) lakhs, for the quarter ended December 31, 2020 and the period ended on that date respectively, as considered in the statement which have been reviewed by their respective other auditors. The accompanying Statement also includes the Group's share of net profit after tax of Rs. 11 lakhs and net (loss) after tax of Rs. (4) lakhs and Group's share of total comprehensive income of Rs. 11 lakhs and total comprehensive (loss) of Rs. (4) lakhs for the quarter ended December 31, 2020 and for the period from April 01, 2020 to December 31, 2020 respectively, as considered in the statement, in respect of one joint venture, whose interim financial information has been reviewed by its independent auditor. The independent auditor's report of these subsidiaries and joint venture have been furnished to us by the Management, and our conclusion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, is based solely on the report of such other auditors and the procedures performed by us as stated in paragraph 3 above.

One of these subsidiaries is located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has been reviewed by its auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial results of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of the auditor and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

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8. The accompanying Statement of unaudited consolidated financial results include unaudited interim financial results and other unaudited financial information in respect of three subsidiaries, which have not been reviewed by their auditors, whose interim financial results reflect total assets of Rs. 3569 lakhs as at December 31, 2020, total revenues of Rs. 249 lakhs and Rs. 635 lakhs and, total net (loss) after tax of Rs. (16) lakhs and net profit after tax of Rs. 18 lakhs, total comprehensive (loss) of Rs. (16) lakhs and total comprehensive income of Rs. 18 lakhs, for the quarter ended December 31, 2020 and the period ended on that date respectively. The Statement also includes the Group's share of net loss after tax and total comprehensive loss of Rs. Nil and Rs. Nil, for the quarter ended December 31, 2020 and for the period from April 01, 2020 to December 31, 2020, as considered in the statement, in respect of one associate, based on their interim financial results which have not been reviewed by any auditors.

   Two of these subsidiaries are located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has not been reviewed by its auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial results of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India.

   These unaudited interim financial results and other unaudited financial information have been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the affairs of these subsidiaries and associate, is based solely on such unaudited interim financial results and other unaudited financial information. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

   Our conclusion on the Statement in respect of matters stated in para 7 and 8 above is not modified with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Anil Gupta
Partner
Membership No.: 87921

S.R. BATLIBOI & CO. LLP NEW DELHI

UDIN: 21087921AAAAAJ5642

Place: New Delhi
Date: February 12, 2021

KDDL Limited

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KDDL LIMITED

Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended 31 December 2020

(₹ in Lakhs)

S. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 December (Unaudited) 2020	30 September (Unaudited) 2020	31 December (Unaudited) 2019	31 December (Unaudited) 2020	31 December (Unaudited) 2019	31 March (Audited) 2020
1	Revenue from operations	17823	13941	20373	37063	51501	65228
2	Other income	404	607	182	1573	439	667
3	**Total income (1+2)**	**18227**	**14548**	**20555**	**38636**	**51940**	**65895**
4	**Expenses**						
	Cost of materials consumed	1085	874	1142	2465	3606	4722
	Purchases of stock-in-trade	10269	5620	10662	16372	29053	34205
	Changes in inventories of finished goods, stock-in-trade, scrap and work-in-progress	(491)	2043	673	3385	(2704)	(1168)
	Employee benefits expenses	2212	1873	2569	6037	7753	10233
	Finance costs	663	664	791	2044	2157	2853
	Depreciation and amortisation expense	1097	1189	1263	3513	3586	4806
	Other expenses	2089	1793	2629	5037	7469	9699
	Total expenses	**16924**	**14056**	**19729**	**38853**	**50920**	**65350**
5	**(Loss)/Profit before share of equity accounted investees and income tax (3-4)**	**1303**	**492**	**826**	**(217)**	**1020**	**545**
6	Share of profit/(loss) of equity accounted investees (net of income tax, if any)	11	1	(12)	(4)	(9)	(33)
7	**(Loss)/Profit before income tax (5+6)**	**1314**	**493**	**814**	**(221)**	**1011**	**512**
8	Income tax expense						
	- Current tax	205	-	388	205	772	681
	- Current tax for earlier years	-	-	5	-	5	4
	- Deferred tax charge/(credit)	138	114	(12)	(217)	(75)	29
	- Deferred tax for earlier years	-	-	(6)	-	(6)	(6)
9	**(Loss)/Profit for the period/year (7-8)**	**971**	**379**	**440**	**(209)**	**316**	**(195)**
10	**Other comprehensive income / (expense)**						
	(i) Items that will not be reclassified to profit or loss						
	a) Remeasurement of defined benefit liability / (asset)	-	25	(31)	20	(83)	(72)
	b) Income tax on remeasurement of defined benefit liability / (asset)	-	(7)	9	(6)	23	21
	(ii) Items that will be reclassified to profit or loss	-					
	a) Exchange differences on translation of foreign operations	36	12	15	60	82	134
11	**Total Comprehensive (expense)/income for the period/year (9+10)**	**1007**	**409**	**433**	**(135)**	**338**	**(112)**
	Profit/(loss) attributable to:						
	Owners of the company	777	286	318	(213)	277	(58)
	Non-controlling interest	194	93	122	4	39	(137)
	Other Comprehensive Income attributable to:						
	Owners of the company	30	30	(9)	66	20	69
	Non-controlling interest	6	0	2	8	2	14
	Total Comprehensive Income/(expense) attributable to:						
	Owners of the company	807	316	309	(147)	297	11
	Non-controlling interest	200	93	124	12	41	(123)
12	Earnings per share of ₹ 10 each (not annualised)						
	Basic (₹)	6.67	2.45	2.73	(1.83)	2.39	(0.51)
	Diluted (₹)	6.67	2.45	2.73	(1.83)	2.38	(0.51)
13	Paid-up equity share capital (Face value per share ₹10)	1165	1165	1164	1165	1164	1165
14	Reserves						17402
	See accompanying notes to the Consolidated Unaudited Financial Results						

KDDL LIMITED *

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Notes to Consolidated financial results:

1. The financial results of following entities have been consolidated with the financial results of KDDL Limited (the Holding Company), hereinafter referred to as "the Group" or "Holding Company":
Ethos Limited (Subsidiary)
Pylania SA (Subsidiary)
Satva Jewellery and Design Limited (Subsidiary)
Mahen Distribution Limited (Subsidiary)
Kamla International Holdings SA (Subsidiary)
Estima AG (Subsidiary of Kamla International Holding SA and Pylaina SA)
Cognition Digital LLP (Subsidiary of Ethos Limited)
Pasadena Retail Private Limited (Joint Venture of Ethos Limited)
Kamla Tesio Dials Limited (Associate)

2. The above Consolidated unaudited financial results have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

3. The Consolidated unaudited financial results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in their respective meetings held on February 12, 2021 and have been reviewed by the Statutory Auditors of the Holding Company.

4. Some of the Indian subsidiaries have elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 with effect from quarter ended September 30, 2019. Therefore, income tax expense for the current quarter and nine months period ended December 31, 2020 are not comparable with the income tax expense of the corresponding quarter/period of previous year presented in above results. The Holding Company is currently in the process of evaluating this option and has considered the rate existing prior to the Ordinance for the purpose of these results.

5. As per Ind-AS 108, Operating Segments have been defined and presented based on the regular review by the Chief Operating Decision Maker to assess the performance of each segment and to make decision about allocation of resources. The accounting principles used in the preparation of the consolidated financial results are consistently applied to record revenue and expenditure in individual segments. Accordingly, the consolidated unaudited segment wise revenue, results, assets and liabilities is as follows.

(₹ in Lakhs)

S.No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 December (Unaudited) 2020	30 September (Unaudited) 2020	31 December (Unaudited) 2019	31 December (Unaudited) 2020	31 December (Unaudited) 2019	31 March (Audited) 2020
1	**Segment revenue**						
	a) Precision and watch components	4254	3648	4307	10384	14112	18432
	b) Watch and accessories	13408	10225	15898	26392	36782	45943
	c) Marketing support and other services	381	-	589	381	737	803
	d) Others	161	68	169	287	612	858
	Total	**18204**	**13941**	**20963**	**37444**	**52243**	**66036**
	Less: Inter segment revenue	(381)	-	(590)	(381)	(742)	(808)
	Revenue from operations	**17823**	**13941**	**20373**	**37063**	**51501**	**65228**
2	**Segment results (profit/(loss) before tax and finance cost from each segment)**						
	a) Precision and watch components	698	400	512	916	1754	2290
	b) Watch and accessories	1271	897	902	1217	1481	1603
	c) Marketing support and other services	200	(58)	400	94	479	297
	d) Others	8	(13)	18	(27)	21	44
	Total	**2177**	**1227**	**1832**	**2200**	**3735**	**4234**
	Less: (i) Finance costs	663	664	791	2044	2157	2853
	(ii) Other un-allocable expenditure (net of un-allocable income)	200	70	227	376	567	869
	Profit/(loss) before tax	**1314**	**493**	**814**	**(221)**	**1011**	**512**
3	**Segment Assets**						
	a) Precision and watch components	19929	20056	20395	19929	20395	20599
	b) Watch and accessories	36896	35103	43413	36896	43413	41166
	c) Marketing support and other services	42	50	288	42	288	44
	d) Others	399	369	524	399	524	419
	e) Unallocated	3093	3284	2792	3093	2792	3495
	Total Segment assets	**60359**	**58862**	**67412**	**60359**	**67412**	**65723**
4	**Segment liabilities**						
	a) Precision and watch components	2890	3402	3293	2890	3293	2954
	b) Watch and accessories	8847	8011	10643	8847	10643	9462
	c) Marketing support and other services	67	74	209	67	209	32
	d) Others	76	65	97	76	97	86
	e) Unallocated	26566	26396	29659	26566	29659	30448
	Total Segment liabilities	**38446**	**37948**	**43901**	**38446**	**43901**	**42982**

6. Considering the accumulated losses, impairment indicators were identified in relation to property, plant and equipment (PPE) in subsidiary Estima AG. Based on the impairment assessment carried out by the management, the recoverable amount of net assets of Estima AG is assessed as higher than carrying amount thereof as at December 31, 2020.

7. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions made by the Holding Company and its Indian subsidiaries towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Holding Company and its Indian subsidiary will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the said code becomes effective including the related rules framed thereunder to determine the financial impact are published..

8. The other income for nine months period ended December 31, 2019 include interest on income tax refunds received for earlier years amounting to INR 90 lakhs. Further, other Income during the quarter and nine months period ended December 31, 2019 includes an amount of Rs. 68 Lakhs due to reduction/adjustment of Loans payable to Outsider as per the Share Purchase Agreement, in one of the overseas subsidiary.

9. The Group's operations, revenue and consequently results during the nine months ended 31 December 2020 were impacted due to COVID-19. The Company has made detailed assessment of its liquidity position for the balance period of the current year and the recoverability of carrying value of its assets comprising property, plant and equipment, intangible assets, right-of-use assets, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated at the date of approval of these consolidated financial results.

KDDL LIMITED

KDDL Limited

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

10. The Holding Company has during the nine months period ended 31 December 2020, recognized INR 41 lakhs as deferred tax assets which includes deferred tax assets on unabsorbed depreciation based on the profits earned by the Holding Company in the September 2020 and December 2020 quarters of the financial year 2020-21 and future probability projections considering expected future market, economic conditions, tax laws and the Holding Company is confident that there would be sufficient taxable profits in future which will enable the Holding Company to utilize the above deferred tax assets on unabsorbed depreciation.

11. With respect to Amalgamation of wholly owned subsidiary company namely Satva Jewellery and Design Limited with "KDDL Limited" and pursuant to the order of Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench, dated 15 October 2019 directing both the Companies that the Scheme should be considered as per the procedure laid down in Section 232 of the Companies Act, 2013 (the Act), the Holding Company has filed new Scheme under Section 232 of the Act on 20 August 2020 with NCLT and the same is under consideration. The proposed appointed date has been fixed as 01 April 2019 under the new Scheme.
During the quarter ended December 31, 2020, the shareholders, secured and unsecured creditors of Holding Company at their respective meetings held on 19 December 2020 approved the Scheme pursuant to the order of the NCLT dated 10 November 2020. The Scheme is now pending for approval with the NCLT and the accounting will be done after the Scheme is approved by the NCLT and becomes effective.

12. During the quarter ended September 30, 2020, the Holding Company had purchased 2,77,000 equity shares amounting to Rs. 693 lakhs in one of the subsidiary company 'Ethos Limited' a material subsidiary, pursuant to exercise of put option by existing shareholders of Ethos Limited Post the above transaction, consolidated shareholding of KDDL Limited (directly and indirectly through its subsidiary, Mahen Distribution Limited) in Ethos Limited had increased from 73.56% to 75.08%.

13. The Board of Directors of Holding Company at its meeting held on 11 November 2020, considered and approved the fund raising of an amount upto INR 3,000 lakhs through issuance of equity shares of face value of Rs 10 each on Rights Issue basis to the eligible equity shareholders of the Holding Company as on the record date (to be notified subsequently), subject to receipt of regulatory/statutory approvals, in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Companies Act, 2013 and rules made thereunder. Further, the Board of Directors has authorised Funds Raising Committee to proceed with the Rights Issue and inter-alia, decide all other terms and conditions of the Rights Issue as may be required from time to time.

KDDL LIMITED

For and on the behalf of Board of Directors

Saboo

Yashovardhan Saboo
(Chairman and Managing Director)
DIN-00012158

Place: Chandigarh
Date: February 12, 2021

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since December 31, 2020, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

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ACCOUNTING RATIOS

The following tables present certain accounting and other ratios derived from the relevant Audited Financial Statements and Unaudited Financial Results. For details see "*Financial Statements*" on page 78.

Accouting Ratios

Particulars	Consolidated	
	As at and for the year ended March 31, 2020	Nine months period ended December 31, 2020
Basic earnings per share (₹)	(0.51)	(1.84)
Diluted earnings per share (₹)	(0.51)	(1.84)
Return on Net Worth (%)	(0.32%)	(1.19%)
Net Asset Value per Equity Share (₹)	159.44	154.12
EBITDA (₹ in lakhs)	8,170.14	5,335.40

**Not Annualised*

The formula used in the computation of the above ratios are as follows:

Basic earnings per share	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest)-before and after exceptional item, as applicable / Weighted Average number of Equity Shares.
Diluted earnings per share	Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest)-before or after exceptional item, as applicable/ Weighted Average number of Equity Shares (including convertible securities).
Return on net worth (in %)	Profit for the year/ period as per Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income)/ Net worth at the end of the year/ period.
Net asset value per Equity Share	Net Worth divided by the number of issued, subscribed and paid-up Equity Shares outstanding for the year/ period.
EBITDA	Profit for the year/ period before finance costs, income tax expenses, depreciation and amortisation expenses as derived from the consolidated statement of profit and loss in thefinancial statements.

Reconciliation of Return on Net Worth (in %)

Particulars	As at and for the year ended March 31, 2020	Nine months period ended December 31, 2020
Profit/ (loss) of the year/ period (in ₹ lakhs) (A)	(59.33)	(213.86)
Net worth (in ₹ lakhs) (B)	18,575.50	17,955.26
Return on Net Worth (in %) (A/B)	(0.32%)	(1.19%)

Reconciliation of Net asset value Equity Share

Particulars	As at and for the year ended March 31, 2020	Nine months period ended December 31, 2020
Net Assets (in ₹ lakhs) (A)	18,575.50	17,955.26
Number of issued, subscribed and fully paid-up Equity Shares outstanding as at year/ period ended (B)	1,16,50,108	1,16,50,108
Net asset value per Equity Share (in ₹) (A/B)	159.44	154.12

Reconciliation of Net Worth

Particulars	As at and for the year ended March 31, 2020	Nine months period ended December 31, 2020
Equity Share Capital (in ₹ lakhs) (A)	1,173.72	1,173.72
Other equity (in ₹ lakhs) (B)	17,401.78	16,781.54

Particulars	As at and for the year ended March 31, 2020	Nine months period ended December 31, 2020
Net Worth (in ₹ lakhs) (A+B)	**18,575.50**	**17,955.26**

Reconciliation of EBITDA

Particulars	As at and for the year ended March 31, 2020	Nine months period ended December 31, 2020
Profit/ (loss) after tax (A)	(196.57)	(209.69)
Income tax expenses (B)	707.28	(12.02)
Finance Cost (C)	2,853.38	2,044.37
Depreciation and amortisation expense (D)	4,806.05	3,512.74
EBITDA [A+B+C+D]	**8,170.14**	**5,335.40**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our Audited Financial Statements and our Unaudited Financial Results included in this Letter of Offer. You should also read the sections titled "Risk Factors" and "Forward Looking Statements" on page 18 and 15 included in this Letter of Offer which discuss a number of factors and contingencies that could affect our financial conditions and results of operations. This discussion is based on amounts derived from our Audited Financial Statements, which have been prepared in accordance with Indian Accounting Standards ("**Ind AS**"), and our Unaudited Financial Results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our financial year ends on March 31 of each year, so all references to a particular 'Fiscal' are to the twelve months ending March 31 of that year. .*

A. OVERVIEW

Our Company is engaged in the manufacturing of watch components and precision engineering products. Our Company has been engaged in the manufacture watch components i.e watch dials and watch hands over three decades and is considered to be one of India's leading watch components manufacturers for others. Our Company is a manufacturer of watch components and supplier to domestic and international luxury watch brands. Our watch components are manufactured at Parwanoo, Himachal Pradesh Derabassi Punjab and Bengaluru, Karnataka. To enhance presence in mid-priced segment and European brands, our Company recently acquired Estima AG, an established maker of watch hands in Switzerland. We believe we have an established track record of manufacturing wide range of watch components with distinctive features. We have a strong customer profile and cater to some of the leading watch manufacturing companies in India and Switzerland. We also cater to various industries like automobile, electrical and electronics, consumer durables, industrial engineering, instrumentation, aerospace and defencesegment through precision engineering product manufactured at our precision stamping division facility in Bengaluru, Karnataka and supplies critical products like electrical connectors and terminals, component of relays for aerospace application, electrical switch gears, cell phone chargers, battery and components for automobile sector etc. Our manufacturing unit is accredited with quality management system certificate for compliance with AS9100D and ISO 9001:2015 certification for manufacturing of stamping parts and press tools, IATF 16949 certification for manufacturing of stamped components and ISO 9001:2015 certification for manufacturing of press tools, stamping parts, injection moulding parts and sub assemblies. Further, our manufacturing unit is also accredited with environmental management system and occupational health and safety management system certificate for compliance with ISO 14001:2015 certification and ISO 45001:2018 certification, respectively, for manufacturing of press tools, stamping parts, injection moulding parts and sub assemblies. Our Company is also involved in the business of manufacturing of ornamental packaging boxes for watch, jewellery and writing instruments.

Some of our key managerial personnel have more than 30 years of experience in the watch component manufacturing. We also lay a strong emphasis on our in-house human resource initiatives, by focusing on hiring, training and retaining the best talent. As on December 31, 2020, we had 1,278 permanent full-time employees at our manufacturing facilities and corporate office.

B. SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Set out below are some of the more significant factors that have affected our results of operations in the past, as well as factors that are currently expected to affect our results of operations in the foreseeable future.

Watch industry

India has seen very good growth and the demand for luxury watch segment in recent year. Any changes in demand for watches in India especially for the watches and luxury segment could affect for results of operation. The majority of our revenues are derived from retailing of watch and manufacturing of watch components. In the event of any slowdown in the watch industry or any other factors adversely affecting the sale of watch may adversely affect our business.

Performance of our Material Subsidiary

We derive significant portion of our consolidated revenue through our subsidiary, Ethos Limited. In the event our

Material Subsidiary, Ethos Limited fails to generate sufficient revenue, profit or cash flow, it could adversely affect our results of operations on consolidated basis.

Popularity of watch brands

Our sales are highly dependent on popularity of watch brands we carry at our stores or brands to which we supply and hence, are subject to customer perception of those brands. In the event that we are unable to identify fashion trends and carry products that are well received by our customer, could have a material adverse effect on our business.

Currency fluctuations

The exchange rate between the Indian Rupee, the USD and CHF has been volatile in recent years and may fluctuate in the future. For Fiscal 2020, the average exchange rate for USD INR was ₹ 70.40, whereas the highest was ₹ 72.15 and lowest was ₹ 68.37. For Fiscal 2020, the average exchange rate for EURO INR was ₹ 70.87, whereas the highest was ₹ 73.70 and lowest was ₹ 68.03. Our exchange rate risk primarily arises from our foreign currency revenues, receivables, payables, etc. As such, our business is highly sensitive to foreign-exchange rates.

Competition

The retail and manufacturing industry in which we operate is highly competitive and there exists competition from other domestic as well as international brands. We experience competition from other retailers of domestic and international brands of watch and manufacturers of watch dials and watch hands in the markets in which we currently operate.

Significant Accounting Policies for Fiscal 2020

1. Basis of preparation

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

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

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

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

Basis of measurement

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

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

2. Summary of significant accounting policies

a. Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held for primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

b. Basis of consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The details of the consolidated entities are as follows:

S. No.	Name	Notes	Country of incorporation	31 March 2020	31 March 2019
				Percentage of Ownership	Percentage of Ownership
1.	Pylania SA	(a)	Switzerland	85.00%	85.00%
2.	Kamla International Holdings SA		Switzerland	100.00%	100.00%
3.	Ethos Limited***	(b)	India	73.56%	74.89%
4.	Mahen Distribution Limited		India	98.72%	98.72%
5.	Satva Jewellery and Design Limited		India	100.00%	100.00%
6.	Cognition Digital LLP*	(c)	India	99.99%	99.99%
7.	Kamla Tesio Dials Limited		India	30.00%	30.00%
8.	Estima AG	(d)	Switzerland	95.50%	95.50%
9.	Pasadena Retail Private Limited**	(e)	India	50.00%	-

Notes:

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

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

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

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

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

*** During the year ended 31 March 2020, the Parent Company has invested INR 2,100 lakhs by way of preferential allotment of fully paid up 7,19,176 equity shares of INR 10 each of Ethos Limited (a subsidiary company) at a premium of INR 282 per share.

During the year ended 31 March 2020, Ethos Limited (a subsidiary company) has converted its 14% Cumulative Compulsorily Convertible Preference Shares into equity shares. Accordingly, 19,230 14% Cumulative Compulsorily Convertible Preference Shares of Ethos Limited (a subsidiary company) of INR 130 each were converted into 19,230 equity shares of INR 10 each.

Post the above allotment and conversion, consolidated shareholding of the Parent Company (directly and indirectly through its other subsidiary, Mahen Distribution Limited) in Ethos Limited as at March 31, 2020 is 73.56%.

Consolidation procedure

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

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss. Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated Ind AS financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests (NCI)

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

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Statement of Profit and Loss.

(v) Equity accounted investees

The Group's interests in equity accounted investees comprise interests in an associate and its joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associate and joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated Ind AS financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss

(viii) <u>Foreign operations</u>

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into Indian Rupees, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian Rupees at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Such exchange differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

Recognition and measurement

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

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

Recognition criteria

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

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

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

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

Subsequent expenditure

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

Depreciation

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

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

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

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

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

Depreciation on the property, plant and equipment of the Group's foreign subsidiary Pylania SA has been provided on straight-line method based on the estimated useful life of assets using the rates stated as follows:

Particulars	Rate
Buildings – Factory	1.5% to 8.5%
Plant and machinery	10% to 15%
Office equipment	8.5% to 15%
Motor vehicles	48%

Depreciation on the property, plant and equipment of the Group's foreign subsidiary Estima AG has been provided on straight-line method based on the estimated useful life of assets using the rates stated as follows:

Particulars	Rate
Buildings – Factory	3.33%
Plant and machinery	6.67%
Furniture	10.00%
Office equipment	10.00%
Motor vehicles	33.33%
Tools	33.33%

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

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

Derecognition

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

d. Intangible assets

Acquired Intangible

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

Subsequent expenditure

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

Amortisation

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

The estimated useful lives are as follows:

- Technical know-how 4 Years
- Software 6 Years

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

Derecognition

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

e. Inventories

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

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

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

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

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

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

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

f. Retirement and other employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Group presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

g. Shared-based payments

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

h. Provisions

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

i. Contingent liabilities and contingent assets

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

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

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

j. Commitments

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

k. Revenue from contract with customer

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

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

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligation in contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

The Group disaggregates revenue from contracts with customers by geography.

Sale of services

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

The Group earns revenue primarily from manufacturing of watches dials, watch hands and precision components, trading of watches, accessories and luxury items and rendering related after sale services.

Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

Export benefits

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

Contract balances

Trade Receivable

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

Contract liabilities

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

l. Recognition of interest income or expense

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

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

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

m. Borrowing costs

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

n. Taxes

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

Current income tax

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

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

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

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

Minimum alternate tax

Minimum alternate tax ('MAT') under the provisions of Income-tax Act, 1961 is recognized as current tax in statement of profit and loss. The credit available under the Act in respect of MAT paid is adjusted from deferred tax liability only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized adjusted from deferred tax liability is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

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

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

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

o. Lease

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

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

Operating leases

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

Finance leases

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

Assets held under leases that did not transfer to the Group substantially all the risk and rewards of ownership (i.e. operating leases) were not recognised in the Group's Balance Sheet.
Lease policy under Ind AS 116 (applicable from April 01, 2019)

Group as a lessee

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

Right-of-use assets

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

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

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

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

Lease Liabilities

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

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

Short term leases and leasesof low-value assets

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

Group as a lessor

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

p. Financial Instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

Debt instrument at FVOCI

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

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

Debt instrument at FVPL

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

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

Equity investments

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

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

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

Impairment of financial assets

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

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

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:
- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss (FVPL)
- Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition of financial liabilities

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

Derivative financial instruments

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

Offsetting

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

q. Impairment of non-financial assets

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

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

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

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

r. Operating Segments

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

s. Cash and cash equivalents

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

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

t. Cash flow statement

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

u. Government grants

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

v. Cash dividend

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

w. Earnings per share

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

x. Foreign currencies

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

Transactions and balances

Initial recognition

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

Measurement at the reporting date

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

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

y. Fair value measurement

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

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability,either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

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

C. PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Revenue from Operations

Revenue from operation include sale of products, sale of services, export incentives other operating revenues (which includes scrap sales and miscellaneous income.

Other Income

Other income includes Interest income on fixed deposits with Banks and interst income from others, dividend income, other non operating income including rental income, net gain and loss on foreign exchange fluctuation and miscellaneous income

Expenses

Cost of raw materials consumed

Cost of material consumed includes purchases of raw materials

Purchases of stock in trade

Purchases of stock in trade comprises of purchase of stock made in a financial year

Changes in inventories of finished goods, work-in-progress, stock-in-trade and scrap

Changes in inventories include changes in opening and closing balances of finished goods, work-in-progress, stock in trade and scrap.

Employment benefit expenses

Employment benefit expenses comprises of salaries, wages and bonus, contribution to provident fund and other funds and staff welfare expenses.

Finance costs

Finance costs comprises of (i) Interest expense on financial liabilities measured at amortised cost (ii) Interest on delay in deposit of income tax (iii) Interest on lease liabilities and other borrowing cost

Depreciation and amortization expenses

Depreciation and amortization expenses includes depreciation on property, plant and equipment, amortization of other intangible assets and depreciation of right of use assets.

Other Expenses

Other Expenses primarily includes stores and spares consumed, power, fuel and water charges, contractual labour expenses, legal and professional fees, travelling and conveyance, job charges, publicty and advertisement and bank charges etc.

D. RESULTS OF OPERATIONS

Results of the nine months period ended December 31, 2020

Our results of operations for the nine months period ended December 31, 2020 were impacted by the COVID-19 pandemic. In India, the Government of India initially announced a 21-day country-wide lockdown starting on March 25, 2020, which was further extended, with certain modifications, till May 17, 2020 and then again to May 31, 2020. With effect from June 1, 2020, and until September 2020, 'unlock' was initiated in India over five phases, with added relaxations from time to time. While our Company had to temporarily close our manufacturing operations from March 25, 2020 in accordance with the directives issued by Government of India, we resumed partial manufacturing operations in subsequent months.

Revenue from Operations

Our revenue from operations for the nine months period ended December 31, 2020 was ₹ 37,063.00 lakhs.

Other Income

Our other income for the nine months period ended December 31, 2020 was ₹ 1,573.00 lakhs.

Total Income

Our total income for the nine months period ended December 31, 2020 was ₹ 38,636.00 lakhs.

Raw material consumed

Cost of materials consumed was ₹ 2,465.00 lakhs for the nine months period ended December 31, 2020 on account of our production.

Total Expenses

Total expenditure for the nine months period ended December 31, 2020 was ₹ 38,853.00 lakhs due to expenses incurred by our Company towards material consumed, purchase of stock in trade, employee benefits, finance costs, depreciation and amortisation expenses and other expenses etc.

(Loss)/ Profit before income tax (PBT)

(Loss) before income tax for the nine months period ended December 31, 2020 was ₹ (221.00) lakhs.

(Loss)/ Profit after tax (PAT)

(Loss) after tax for the nine months period ended December 31, 2020 was ₹ (209.00) lakhs.

The following table sets forth certain information with respect to our results of operations for the years indicated:

(₹ in lakhs)

Particulars	Fiscal 2020	% of total income	Fiscal 2019	% of total income
Revenue from operations	65,227.75	99.08	62,500.85	99.53
Other income	606.93	0.92	295.86	0.47
Total revenue	**65,834.68**	**100.00**	**62,796.71**	**100.00**
Expenses				
Cost of raw materials consumed	4,721.97	7.17	4,590.53	7.31
Purchases of stock in trade	34,205.38	51.96	34,941.72	55.64
Changes in inventories of finished goods, work-in-progress, stock in trade and scrap	(1,167.84)	-1.77	(3,439.10)	-5.48
Employee benefits expenses	10,232.65	15.54	8,638.75	13.76
Finance cost	2,853.38	4.33	1,423.35	2.27
Depreciation and amortization expense	4,806.05	7.30	1,312.82	2.09
Other expenses	9,639.35	14.64	11,286.91	17.97
Total Expenses	**65,290.94**	**99.17**	**58,754.98**	**93.56**
Share of (loss) of equity accounted investees (net income tax, if any)	(33.03)	0.05	(0.21)	0.00
Profit before income tax	**510.71**	**0.78**	**4,041.52**	**6.44**
Income tax expense:				
-Current tax	680.51	1.03	1,616.85	2.57
-Tax for earlier years	4.23	0.01	(29.93)	-0.05
- Deferred tax	27.94	0.04	(62.87)	-0.10
- Deferred tax for earlier years	(5.40)	-0.01	-	0.00
Total income tax expense	**707.28**	**1.07**	**1,524.05**	**2.43**
Profit/ (Loss) for the year	**(196.57)**	**-0.30**	**2,517.47**	**4.01**

Fiscal 2020 compared to Fiscal 2019

Revenue from operations

Revenue from operations grew by 4.36% to ₹ 65,227.75 lakhs for Fiscal 2020 from ₹ 62,500.85 lakhs for Fiscal 2019. Sale of products grew by 3.91% to ₹ 62,737.24 lakhs for Fiscal 2020 from ₹ 60,375.08 lakhs for Fiscal 2019. The growth was on account better performance of watch component and retail business. For Fiscal 2020, sale of watch and watch accessories business grew by 6.66%, to ₹ 45,938.00 lakhs for Fiscal 2020 from ₹ 43,071.00 lakhs for Fiscal 2019. For Fiscal 2020, we opened 9 stores and closed 3 stores. As on March 31, 2020, we had 53 stores.

Whereas revenue from sale of precision and watch components increased by 3.75% to ₹ 18,432.00 lakhs for Fiscal 2020 from ₹ 17,764.91 lakhs for Fiscal 2019, primarily on account of increase in sales.

Revenue from sale of services increased by 32.85% to ₹ 1,678.01 lakhs for Fiscal 2020 from ₹ 1,263.07 lakhs for Fiscal 2019. Revenue from export incentives grew by 4.99% to ₹ 390.45 lakhs for Fiscal 2020 to ₹ 371.88 lakhs for Fiscal 2019.

Other Income

Our other income increased by 105.14% to ₹ 606.93 lakhs in Fiscal 2020 from ₹ 295.86 lakhs in Fiscal 2019. This increase was on account of increase in interest income from fixed deposit with banks, interest income from others, rental income, liabilities / provision no longer required written back, and other miscellaneous income.

Total Income

Total income increased by 4.84%% to ₹ 65,834.68 lakhs for Fiscal 2020 from ₹ 62,796.71 lakhs for Fiscal 2019, primarily due to an increase in our sales as explained above.

Expenditure

Total expenses increased by 11.12% to ₹ 65,290.94 lakhs in Fiscal 2020 from ₹ 58,754.98 lakhs in Financial Year 2019.

Cost of raw material consumed

Cost of materials consumed increased by 2.86% to ₹ 4,721.97 lakhs for Fiscal 2020 from ₹ 4,590.53 lakhs for Fiscal 2019, primarily due to increased production. Inventory of raw material at the beginning of the Fiscal 2020 and 2019 were ₹1,745.04 lakhs and ₹ 3,764.43 lakhs. Cost for purchases of raw materials increased by 89.30% to ₹ 4,867.04 lakhs for Fiscal 2020 from ₹ 2,571.14 lakhs for Fiscal 2019, primarily due to increased production.

Employment benefit expense

Employment benefit expense increased by 18.45% to ₹ 10,232.65 lakhs for Fiscal 2020 from ₹ 8,638.75 lakhs to Fiscal 2019. This increase was primarily due to higher salaries and wages of Directors and employees and contribution to provident and other funds. Employment benefit expense as percentage of total income increased from 13.76% for Fiscal 2019 to 15.54% for fiscal 2020 on account of new employment and increments during the year.

Finance cost

Finance cost increased by 100.47% to ₹ 2,853.38 lakhs for Fiscal 2020 from ₹ 1,423.35 lakhs for Fiscal 2019. Finance cost as percentage of revenue from operations increased to 4.33% for Fiscal 2020 to 2.27% for Fiscal 2019. Interest expense on financial liabilities measured at amortisation cost increased by 20.57% to ₹ 1,655.87 lakhs for Fiscal 2020 from ₹ 1,373.35 lakhs from Fiscal 2019. Total debt as on March 31, 2019 was ₹ 15,715.84 lakhs which grew 19.44% to 18,771.33 lakhs as on March 31, 2020. During the Fiscal 2020, interest on lease liabilities were ₹ 1,150.93 lakhs due to adoption of Ind AS 116 with effect from April 1, 2019.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 266.09% to ₹ 4,806.05 lakhs for Fiscal 2020 from ₹ 1,312.82 lakhs for Fiscal 2019, primarily due to deprecation on property, plant and equipment, depreciation on right of use assets and depreciation of investment property.

Other expenses

Other expenses decreased by 14.60% to ₹ 9,639.35 lakhs for Fiscal 2020 from ₹ 11,286.91 lakhs for Fiscal 2019 mainly on account of rent and repair and maintenance expenses. Other expenses as percentage of total income reduced from 17.97% for Fiscal 2019 to 14.64% for Fiscal 2020.

(Loss)/ Profit before income tax (PBT)

(Loss) before income tax decreased by 87.36% from ₹ 4,041.52 lakhs in Fiscal 2019 to ₹ 510.71 lakhs in Fiscal 2020 mainly on account of factors mentioned above.

Tax Expense

Tax expense decreased from ₹ 1,524.05 lakhs in Fiscal 2019 to ₹ 707.28 lakhs for Fiscal 2020 which was a decrease of 53.59%, due to certain tax incentives available to our Company in Fiscal 2020 such as additional depreciation and decrease in net profit..

(Loss)/ Profit after tax (PAT)

(Loss) after tax decreased by 107.81% from ₹ 2,517.47 lakhs in Fiscal 2019 to ₹ (196.57) lakhs in Fiscal 2020 on account of the factors explained above.

E. CASH FLOW

The table below summarizes our cash flow for Fiscal 2020 and Fiscal 2019:

(₹ in lakhs)

	Fiscal 2020	**Fiscal 2019**
Net cash generated from operating activities	6,407.05	794.59
Net cash (used) in investing activities	(3,079.25)	(2,711.30)
Net cash (used in)/ from financing activities	(2,645.51)	2,385.60
Net increase in cash and cash equivalents	**682.28**	**468.90**
Cash and cash equivalents at the beginning of the year	**1,596.50**	**1,127.60**
Cash and cash equivalents at the end of the year	**2,278.78**	**1,596.50**

Cash Flow from Operating Activities

Net cash generated from operating activities increased to ₹ 6,407.05 lakhs for Fiscal 2020 from ₹794.59 lakhs for Fiscal 2019 on accounts of increased depreciation and amortization expenses and increased interest income, changes in the fair value of derivative contracts, service tax deposit and credit written off, effect of exchange rates on translation of operating cash flows, which is offset by changes in working capital in inventories, decrease in other current and non current assets etc.

Cash Flow from Investing Activities

Net cash (used) in investing activities was ₹ (3,079.25) lakhs for Fiscal 2020, primarily on account of acquisition of property, plant and equipment, proceed from sale of property, plant, and equipment, interest income and dividend income.

Cash Flow from Financing Activities

Net cash flow provided by financing activities was ₹ (2,645.51) lakhs for Fiscal 2020, comprising mainly of interest payment and dividend and taxation provisions.

F. CONTINGENT LIABILITIES AND COMMITTMENTS

Contingent liabilities

As at March 31, 2020, the contingent liabilities in accordance with Ind AS 37 disclosed in the notes to our audited financial statements aggregated ₹ 747.95 lakhs. Set forth below are summary of our contingent liabilities as at

March 31, 2020:

(₹ in lakhs)

S. No.	Particulars	As at March 31, 2020
1.	**Claims against the Group not acknowledged as debts, under dispute**	
	- Demand raised for service tax against which appeals have been filed	-
	- Demand raised by Punjab State Electricty Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest ₹2.96 (March 31, 2019 : ₹2.96)	3.73
	- Demand raised for Income tax	387.70
	- Custom duty matters	17.85
	- Claims against the Company not acknowledged as debt (to the extent ascertainable)	241.63
	Total	**650.91**
2.	Custom duty saved against EPCG Licenses, pending redemption	95.72
3.	- Value added tax matters	1.32
	- Bonds in favour of central excise and customs authorities	-

Commitments

(₹ in lakhs)

Sr. No.	Particulars	As at March 31, 2020
1	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	426.25

Reservations, Qualifications, Adverse Remarks and Emphasis of Matter

There are no reservations, qualifications and adverse remarks by our Statutory Auditors in the Unaudited Financial Results for the nine months period ended December 31, 2020 and Audited Financial Statements for Fiscal 2020.

Further, the Statutory Auditors of our Company have included certain emphasis of matter for the Unaudited Financial Results for the nine months period ended December 31, 2020 and Audited Financial Statements for Fiscal 2020 in their respective report of our Company and the details of the same are set out in the below table:

Sr. No.	Reservations/ qualifications/ adverse remarks/ emphasis of matter	Particulars
Nine months period ended December 31, 2020		
1.	Emphasis of Matter	Our Statutory Auditors have drawn attention to Note 6 of the Unaudited Financial Results, which describes that the recoverable amount of net assets of Estima AG is in excess of carrying amount thereof as at December 31, 2020. The auditors of Estima AG has also included an Emphasis of Matter in their review report on the financial information of Estima AG for the quarter ended December 31, 2020.
2.	Emphasis of Matter	Our Statutory Auditors have drawn attention to Note 9 to the Unaudited Financial Results, which describes the uncertainties and impact of COVID-19 pandemic on the Group’s operations and results as assessed by the management.
Fiscal 2020		
3.	Emphasis of Matter	The Ind AS consolidated financial statements of our Company for the year ended March 31, 2019 were audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 28, 2019. Our Statuory Auditor have drawn attention to Note 50 to the consolidated Ind AS financial statements, which describes the impact of the errors in computation of capital reserve on acquisition of a subsidiary (Estima AG) acquired during the financial year ended March 31, 2019 in the consolidated Ind AS financial statements for the year ended March 31, 2019, the rectification whereof has resulted in the restatement of “Capital Reserve” and consequential impact in “Retained Earnings”, “Legal Reserve”, “Amalgamation Reserve”, and “Revaluation Surplus” in the consolidated

Sr. No.	Reservations/ qualifications/ adverse remarks/ emphasis of matter	Particulars
		financial statements of our Company which led to a restatement of the Consolidated Ind AS financial statements as at March 31, 2019. The above errors have resulted in decrease in the value of Capital Reserve by INR 4,496.23 lakhs and consequential impact of increase in “Retained Earnings” by INR 6,167.99 lakhs, decrease in “Legal Reserve” by INR 121.64 lakhs, decrease in “Amalgamation Reserve” by INR 911.32 lakhs, and decrease in “Revaluation Surplus” by INR 638.80 lakhs. Further, there is no impact on the consolidated profit before tax for the year ended March 31, 2019.
4.	Emphasis of Matter	Our Statutory Auditor have drawn attention to Note 51 to the Audited Financial Statement, which describes that the recoverable amount of net assets of Estima AG is in excess of carrying amount thereof as at March 31, 2020. The auditors of Estima AG has also included an Emphasis of Matter in their audit opinion on the financial information of Estima AG for the period ended March 31, 2020
5.	Emphasis of Matter	Our Statutory Auditor have drawn attention to Note 56 to the Audited Financial Statement, which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management.

Recent Developments

Except as stated above, and in this Letter of Offer, to our knowledge, no circumstances have arisen since December 31, 2020 which materially affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Our Company and its Subsidiary are involved in certain legal proceedings from time to time, which are primarily in the nature of tax disputes, criminal complaints, civil suits, and petitions pending before various authorities.

Except as disclosed below, there is no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company or its Subsidiaries; (ii) material violations of statutory regulations by our Company or its Subsidiaries; (iii) economic offences where proceedings have been initiated against our Company or its Subsidiaries; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position or that of our Subsidiaries; and (v) other litigation involving our Company or its Subsidiaries, including civil or tax litigation proceedings, which involves an amount in excess of the Materiality Threshold (as defined below) or is otherwise material in terms of the Materiality Policy.

*For the purpose of (v) above, as per the materiality policy in accordance with our Company's 'Policy for determination of materiality of information or event' framed in accordance with Regulation 30 of the SEBI Listing Regulations, the materiality threshold considered is ₹ 185.75 lakhs (being 1% of consolidated Net Worth for Fiscal 2020) or above; and (ii) any other litigation involving our Company and/or Subsidiaries which may be considered material by our Company for the purposes of disclosure in this section of this Letter of Offer ("**Materiality Threshold**").*

Litigations involving our Company

Proceedings involving issues of moral turpitude or criminal liability on the part of our Company

Nil

Proceedings involving material violations of statutory regulations by our Company

Nil

Economic offences where proceedings have been initiated against our Company

Nil

Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company

Nil

Litigation involving our Subsidiaries

Proceedings involving issues of moral turpitude or criminal liability on the part of our Subsidiaries

Nil

Proceedings involving material violations of statutory regulations by our Subsidiaries

Nil

Economic offences where proceedings have been initiated against our Subsidiaries

Nil

Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which,

if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company

Nil

GOVERNMENT AND OTHER APPROVALS

Our Company and Material Subsidiaries requires various licenses, registrations, permits and approvals issued by relevant central and state authorities under various rules and regulations ("**Approvals**") for carrying on its present business activities. The requirement for the Approvals may vary based on factors such as the legal requirements in the jurisdiction, in which the manufacturing facility is located. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Since, our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses towards Investment in our material subsidiary, Ethos Limited for funding its working capital requirements and for general corporate purposes, no government and regulatory approval pertaining to the object of the Issue will be required.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board passed at its meeting held November 11, 2020, pursuant to Section 62 (1) (a)and other applicable provisions of the Companies Act, 2013.

Our Board in its meeting held on [●] has resolved to issue Equity Shares to the Eligible Equity Shareholders, at an Issue Price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share), in the ratio of [●] Equity Share for every [●] Equity Share, as held on the Record Date. The Issue Price of ₹ [●] per Equity Share has been arrived at, in consultation with the Lead Manager, prior to determination of the Record Date.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares to be Allotted in this Issue pursuant to their letters dated [●] and [●], respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, see "*Terms of the Issue*" on page 194.

Prohibition by the SEBI

Our Company, our Promoters, our Promoter Group or our Directors have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Our Company, our Promoters, our Promoter Group or our Directors are not debarred from accessing the capital market by SEBI.

The companies with which our Promoters or our Directors are associated as promoter or directors have not been debarred from accessing the capital market by SEBI.

Neither our Promoters nor our Directors are declared as Fugitive Economic Offenders.

Association of our Directors with the securities market

None of our Directors are associated with the securities market.

Prohibition by RBI

Neither our Company, our Promoters nor our Directors have been or are identified as Wilful Defaulters.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Our Company undertakes to make an application for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the purpose of the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR

Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with SEBI;

2. The reports, statements and information referred to above are available on the website of BSE and NSE; and

3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, ITI CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, ITI CAPITAL LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●], 2020, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THELETTER OF OFFER OF THE SUBJECT ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

a. THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;

b. ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

c. THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION

AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATION IS VALID.- COMPLIED WITH**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOT APPLICABLE**

5. **WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. – NOT APPLICABLE**

6. **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. – NOT APPLICABLE**

7. **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE. - NOT APPLICABLE**

8. **NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE**

9. **THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION. – COMPLIED WITH TO THE EXTENT APPLICABLE**

10. **FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**

    a. **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, EXCLUDING SUPERIOR RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES - COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND**

b. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI. – COMPLIED WITH**

11. **WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. - NOTED FOR COMPLIANCE INCLUDING WITH THE SEBI CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020, READ WITH SEBI CIRCULAR SEBI/HO/CFD/DIL1/CIR/P/2020/136 DATED JULY 24, 2020 AND SEBI CIRCULAR SEBI/HO/CFD/DIL1/CIR/P/2021/13 DATED JANUARY 19, 2021.**

12. **IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS, 2018.– NOT APPLICABLE.**

13. **NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY−COMPLIED WITH.**

14. **THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSUREREQUIREMENTS) REGULATIONS, 2018. THE FULFILMENT OF THE ELIGIBILITY CRITERIA ASSPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THISLETTER OF OFFER– NOT APPLICABLE.**

15. **THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSUREREQUIREMENTS) REGULATIONS, 2018– COMPLIED WITH.**

16. **ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THISLETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY ORRELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THESPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGHPUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUEADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVEBEEN GIVEN – COMPLIED WITH AND NOTED FOR COMPLIANCE.**

17. **AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FORDEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY – COMPLIED WITH.**

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THELETTER OF OFFER.

Disclaimer from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made other than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Cautions

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Chandigarh, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is [●].

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

"[●]"

Disclaimer Clause of NSE

As required, a copy of this Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Letter of Offer, is set out below:

"[●]"

Selling Restrictions

The distribution of this Letter of Offer, Abridged Letter of Offer, Application Form, Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions.

This Letter of Offer and its accompanying documents is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch this Letter of Offer / Abridged Letter of Offer and Application Form primarily through an e-mail by the Registrar on behalf of our Company or the Lead Manager only to Eligible Equity Shareholders with SEBI circular bearing SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI Circular bearing SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July, 24, 2020) and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior

to the date on which we propose to dispatch this Letter of Offer / Abridged Letter of Offer and Application Form, shall not be sent this Letter of Offer / Abridged Letter of Offer and Application Form. Further, Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, and on R-WAP.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders (i) in offshore transactions outside the United States in compliance with Regulation S to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and (ii) in the United States to U.S. QIBs pursuant to Section 4(a)(2) of the Securities Act and other exemptions from the registration requirements of the Securities Act. Our Company will dispatch this Letter of Offer / Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

The Rights Entitlement and Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Abridged Letter of Offer, Application Forms, the Rights Entitlement Letter or any offering materials or advertisements in connection with the Issue or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. No action has been or will be taken to permit this Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Forms, the Rights Entitlement Letter or any other material relating to our Company, the Rights Equity Shares or Rights Entitlements in any jurisdiction, where any action would be required in such jurisdiction for that purpose, except that this Letter of Offer will be filed with the Stock Exchanges and SEBI.

Receipt of this Letter of Offer, the Abridged Letter of Offer, the Application Forms and the Rights Entitlement Letter will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer. Accordingly, persons receiving a copy of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, Abridged Letter of Offer or the Application Form in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer. In those circumstances, this Letter of Offer, Abridged Letter of Offer, the Rights Entitlements Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NOTICE TO INVESTORS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWSAND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD (I) IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS AND (II) IN THE UNITEDSTATES TO U.S. QIBs PURSUANT TO SECTION 4(A)(2) OF

THE SECURITIES ACT AND OTHER EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE SAID SECURITIES, EXCEPT IN EACH CASE TO PERSONS IN THE UNITED STATES WHO ARE U.S. QIBs. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME (OTHER THAN TO U.S. QIBs).

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made (other than persons in the United States who are U.S. QIBs). No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States (in each case, other than from persons in the United States who are U.S. QIBs) or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, or (ii) it is a U.S.QIB in the United States, and, in each case is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) outside India and the United States and eligible to subscribe for the Rights Equity Shares under the applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMEDTO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED UNDER "RESTRICTIONS ON PURCHASES AND RESALES" ON PAGE NO 231.

Filing

This Letter of Offer is being filed with Designated Stock Exchange, NSE and with SEBI for record purposes only, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders Relationship Committee which currently comprises Anil Khanna (chairman), Yashovardhan Saboo (member) and Sanjeev Kumar Masown (member). The broad terms of reference include redressal of investors' complaints pertaining to share transfers, redressal of investors'/shareholders' grievances, issue of duplicate certificates, monitor implementation of the Company's code of conduct for prohibition of insider trading etc. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, please see "*Terms of the Issue*" on page 194.

Investor Grievances arising out of this Issue:

Investors may contact the Registrar to the Issue at:

KFin Technologies Private Limited
Selenium Tower B, Plot 31 and 32, Financial District,
Nanakramguda, Serilingampally, Hyderabad, Rangareddi - 500 032,
Telangana, India
Telephone: +9140 6716 2222
Email: kiocl.fpo@kfintech.com
Investor Grievance Email: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M. Murali Krishna
SEBI Registration Number: INR000000221

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.

Brahm Prakash Kumar is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

Brahm Prakash Kumar
Kamla Centre, SCO 88-89,
Sector 8-C, Chandigarh-160 009

Telephone: +91 172 2548223
E-mail: investor.complaints@kddl.com

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar at https//:rights.kfintech.com. Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are (+91 4067162222 and 18003454001).

SECTION VI – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

Important:

1. **Dispatch and availability of Issue materials:**

In accordance with the SEBI ICDR Regulations, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and the MCA Circular, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material the email addresses of all the Eligible Equity Shareholders who have provided their e-mail addresses to our Companyan Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company and Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions and in each case, who make a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

(i) our Company at www.kddl.com;
(ii) the Registrar at https//:rights.kfintech.com;
(iii) the Lead Manager, *i.e.*, ITI Capital Limited at www.iticapital.in
(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
(v) the Registrar's web-based application platform at https//:rights.kfintech.com ("**R-WAP**").

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.,* https//:rights.kfintech.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.kddl.com).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation and pursuant to the SEBI Rights Issue Criculars, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

2. **Facilities for Application in this Issue:**

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, R-WAP (instituted only for resident Investors in this Issue). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see "*- Procedure for Application through the ASBA Process*" and "*- Procedure for Application through the R-WAP*" on page 206.

ASBA facility: Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see "*- Procedure for Application through the ASBA Process*" on page 206.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Registrar's Web-based Application Platform (R-WAP):

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at https//:rights.kfintech.com), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE "*RISK FACTORS -The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks ,including risks associated with payment gateways.*" ON PAGE 18.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (https//:rights.kfintech.com) or call helpline number(s)(+91 4067162222 and 18003454001). For details, see "*- Procedure for Application through the R-WAP*" on page 206.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular

SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, our Company will make use of advertisements in television channels, radio, internet, SMS *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through R-WAP) shall be treated as incomplete and shall be rejected. For details see "*Grounds for Technical Rejection*". Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "*Application on Plain Paper under ASBA process*".

3. **Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "**KDDL LIMITED RIGHTS ENTITLEMENT SUSPENSE ESCROW DEMAT ACCOUNT**") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

Eligible Equity Shareholders holding equity shares in physical form as on Record Date are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account is active, details of which have been provided to the Company or the Registrar, to facilitate the aforementioned transfer.

4. **Application by Eligible Equity Shareholders holding Equity Shares in physical form:**

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period.

Application by such Eligible Equity Shareholders is subject to following conditions:

(i) the Eligible Equity Shareholders apply only through R-WAP;
(ii) the Eligible Equity Shareholders are residents and individuals;
(iii) the Eligible Equity Shareholders are not making payment from non-resident account;
(iv) the Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
(v) the Eligible Equity Shareholders shall receive Rights Equity Shares, in respect of their Application, only in demat mode.

Accordingly, such resident Eligible Equity Shareholders are required to, within 6 (six) months from the Allotment Date, send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery, to enable process of credit of Rights Equity Shares in such demat account.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "*- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "*- Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 212 and 223, respectively.

Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors:https//:rights.kfintech.com
- Updation of Indian address/ e-mail address/ mobile number in the records maintained by the Registrar or our Company: https//:rights.kfintech.com
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: https//:rights.kfintech.com
- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: https//:rights.kfintech.com

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.,* https//:rights.kfintech.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.kddl.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, www.kfintech.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through R-WAP (an additional optional facility).

For details of Application through R-WAP by the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, see "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 212 and 223, respectively.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company and the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions and in each case who make a request in this regard. This Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, R-WAP, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Forms received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 10.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) in this Issue. On Application, Investors will have to pay ₹ [●] per Rights Equity Share, which constitutes 100% of the Issue Price.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share for every [●] Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, see "- *Procedure for Renunciation of Rights Entitlements*" on page 208.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "**KDDL RIGHTS ENTITLEMENT SUSPENSE ESCROW DEMAT ACCOUNT**") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date and shall become active on the Issue Opening Date and remain active for renunciation or transfer during the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN [●]. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is [●] Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from [●] to [●] (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see "- *Procedure for Renunciation of Rights Entitlements* - *On Market Renunciation*" and "- *Procedure for Renunciation of Rights Entitlements* - *Off Market Renunciation*" on pages 208 and 209, respectively. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, see " – *Procedure for Application*" on page 204.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Terms of Payment

₹ [●] per Rights Equity Share (including premium of ₹ [●] per Rights Equity Share) shall be payable, in entirety at the time of making the Application.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Share and will also be given a preferential consideration for the Allotment of [●] additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Credit Rating

As this Issue is a issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532054) and NSE under the ISIN: INE291D01011. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter and our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see "*Capital Structure – Intention and extent of participation by our Promoter and Promoter Group*" on page 42.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights in proportion to amount paid-up on the Rights Equity Shares:

a) The right to receive dividend, if declared;

b) The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;

c) The right to receive surplus on liquidation;

d) The right to free transferability of Rights Equity Shares;

e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed under "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on page 223; and

f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No.21/2020, our Company will send, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material (i) only to the email addresses of all the resident Eligible Equity Shareholders who have provided their e-mail addresses to our Company; (ii) Only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis, whose email addresses are not available with the Company or the Eligible Equity Shareholders have not provided a valid email address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under the laws of such jurisdictions. Further, This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights SecuritiesEntitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions and in each case who make a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation and one Hindi language national daily newspaper with wide circulation (Hindi being the regional language of Himachal Pradesh, where our Registered Office is situated).

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, our Company will make use of advertisements in television channels, radio, internet, SMS *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at www.kfintech.com.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent to the email addresses and Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Lead Manager and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.,* from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please note that only resident Investors can submit an Application using the R-WAP.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc.at https//:rights.kfintech.com.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*-R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see "*- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" on page 212.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions *etc.* in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and other applicable Issue materials shall be sent through email to email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit https//:rights.kfintech.com. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholders eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

(i) our Company at www.kddl.com;
(ii) the Registrar at hhttps//:rights.kfintech.com;
(iii) the Lead Manager, *i.e.*, ITI Capital Limited at www.iticapital.in;
(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
(v) the R-WAP at https//:rights.kfintech.com.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, https//:rights.kfintech.com) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.kddl.com).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected, except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through R-WAP.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see "- ***Grounds for Technical Rejection*****" on page 217.** **Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "- *Application on Plain Paper under ASBA process"* on page 209.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or

(v) renounce its Rights Entitlements in full.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 212 and 223, respectively.

Procedure for Application through the ASBA process

An investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs(if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided anauthorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No.CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The Company, its directors, employees, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Procedure for Application through the R-WAP

Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure

to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see "*Risk Factors - The R-WAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways*" on page 18.

Set out below is the procedure followed using the R-WAP:

(a) Resident Investors should visit R-WAP (accessible at https://rights.kfintech.com) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.

(b) Non-resident Investors are not eligible to apply in this Issue through R-WAP.

(c) Only resident Investors are eligible to apply in this Issue through R-WAP.

(d) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.

(e) The Investors who are Renouncees should select the category of 'Renouncee' at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for. A Shareholder who has purchased Rights Entitlement from the Stock Exchanges or through off-market transaction, should select "Eligible Equity Shareholder" category.

(f) Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided.

(g) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021.

(h) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.

(i) Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

(j) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB or using R-WAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section "- *Application on Plain Paper under ASBA process*" on page 209.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section "- *Basis of Allotment*" on page 221.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using the R-WAP.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses(including brokerage), and such costs will be incurred solely by the Investors.

1. On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stockbroker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

2. *Off Market Renunciation*

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not beentitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being KDDL Limited;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Registered Folio Number/DP and Client ID No.;

4. Number of Equity Shares held as on Record Date;

5. Allotment option – only dematerialised form;

6. Number of Rights Equity Shares entitled to;

7. Number of Rights Equity Shares applied for within the Rights Entitlements;

8. Number of additional Rights Equity Shares applied for, if any;

9. Total number of Rights Equity Shares applied for;

10. Total amount paid at the rate of ₹ [●] per Rights Equity Share;

11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

12. In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;

13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);

16. An approval obtained from the RBI, as required under our Articles of Association, where a successful Application will result in the aggregate shareholding or total voting rights of the Eligible Equity Shareholder (along with persons acting in concert) in our Company, to be 5% or more of the post-Issue paid-up share capital of our Company. Eligible Equity Shareholders must send a copy of the approval from any regulatory authority, as may be required, or obtained from the RBI to the Registrar https//:rights.kfintech.com; and

17. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

    *"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. I/ we understand the Rights Equity Shares and Rights Entitlements referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation Sunder the Securities Act ("**Regulation S**") to existing shareholders located in jurisdictions wheresuch offer and sale of the Rights Equity Shares and Rights Entitlements is permitted under laws of such jurisdictions and (ii) in the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) ("**U.S. QIBs**") pursuant to Section 4(a)(2) of the Securities Act and other exemptions from the registration requirements of the Securities Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy or transfer any of the said Rights Equity Shares or Rights Entitlements in the United States, except in each case to persons in the United States who are U.S.QIBs. I/ we confirm that I am/ we are*

(a)(i) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (ii) a U.S. QIB in the United States, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, and the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States (other than U.S. QIBs)or is outside of India and the United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

For Resident Applicants: I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" under the sub-heading "‑ United States ‑ For Investors Outside of the United States" on page 231 (if I am/we are outside the United States).

For Non-Resident Applicants: I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" under the sub-heading "‑ United States ‑ For Investors in the United States" (if I am/we are in the United States) or under the sub-heading "‑ United States ‑ For Investors Outside of the United States" (if I am/we are outside the United States).

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/ We acknowledge that we, the Lead Manager, our affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at https://rights.kfintech.com.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of payment

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

For details of mode of payment in case of Application through R-WAP, see "- *Procedure for Application through the R-WAP*" on page 206.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 212 and 223, respectively.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit https://rights.kfintech.com.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by email due to lockdown and restrictions imposed due to current pandemic COVID-19;

(b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The Eligible Equity Shareholders can access the Application Form from:

- R-WAP, the website of the Registrar (www.kfintech.com);
- our Company (www.kddl.com);
- the Lead Manager (at www.iticapital.in)
- the Stock Exchanges (at www.bseindia.com and www.nseindia.com).

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.kfintech.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.kddl.com);

(d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Further, (a) Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, may also apply in this Issue during the Issue Period by filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat, on or before the Issue Closing Date. Such resident Eligible Equity Shareholders may be required to submit address, email address, contact details, copy of PAN, for verification of their Application. Further, such resident Eligible Equity Shareholder can:

(a) apply for its Rights Equity Shares to the full extent of its Rights Entitlements;

(b) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); and

(c) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares in the Issue.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on page 223.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNTIN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

FOR DETAILS, SEE "ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" ON PAGE 220.

General instructions for Investors

(a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares **may also apply** in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*" on pages 212 and 223, respectively.

(c) Please read the instructions on the Application Form sent to you.

(d) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.

(e) Application should be made only through the ASBA facility or using R-WAP.

(f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "- *Application on Plain Paper under ASBA process*" on page 209.

(h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

(i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

(j) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.

(k) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(l) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.

(m) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

(n) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors**. **Further, in case of**

Application in joint names, each of the joint Applicants should sign the Application Form.

(o) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the R-WAP facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(p) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(q) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(r) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(s) Only persons (i) in the United States who are U.S. QIBs and (b) outside the United States located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

(t) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

(u) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

(v) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(w) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

(a) Ensure that the Application Form and necessary details are filled in.

(b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.

(c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.

(d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such

DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

(a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(d) Do not pay the Application Money in cash, by money order, pay order or postal order.

(e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

(a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.

(e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Do's for Investors applying through R-WAP:

(a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.

(b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the R-WAP.

(c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment

(d) Ensure that you receive a confirmation email on successful transfer of funds.

(e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.

(f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Investors applying through ASBA:

(a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

(b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), and a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Don'ts for Investors applying through R-WAP:

(a) Do not apply from bank account of third parties.

(b) Do not apply if you are a non-resident Investor.

(c) Do not apply from non-resident account.

(d) Do not apply from corporate account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.

(b) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.

(c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(e) Account holder not signing the Application or declaration mentioned therein.

(f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.

(g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(l) Physical Application Forms not duly signed by the sole or joint Investors.

(m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, and money order, postal order or outstation demand drafts.

(n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(o) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Share sunder applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii)where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(p) Applications which have evidence of being executed or made in contravention of applicable securities laws.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):

(a) Applications by non-resident Investors.

(b) Payment from third party bank accounts.

Our Company may, in consultation with the Lead Manager and Designated Stock Exchange, decide to relax any of the grounds of technical rejection mentioned hereinabove

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLYFOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES INDEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDINGPAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORDDATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIRDEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIONUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVENIN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEDEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED INJOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELDIN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEARIN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Modes of Payment

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company

and the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.

2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "- *Procedure for Applications by Mutual Funds*" on page 225.

In cases where multiple Application Forms are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in "*Capital Structure –Intention and extent of participation by our Promoter and Promoter Group*" on page 42.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, "*-Basis of Allotment*" on page 221.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to kddl.rights@kfintech.com in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION*	[●]
ISSUE CLOSING DATE	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

** Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have-not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, see "*General Information - Issue Schedule*" on page 38.

Our Board may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will email Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

(a) the Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;

(b) within 6 (six) months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;

(c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;

(d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense escrow account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, etc. to such Eligible Equity Shareholders to remit such proceeds.

(e) Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchanges after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the Application Money paid by such Eligible Equity Shareholders;

(f) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;

(g) After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges; and

(h) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.

(i) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.

2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.

3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares in proportion to amount paid-up on the Rights Equity Shares, as permitted under applicable laws.

4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).

5. **The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, *etc.*, in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.**

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

(a) Unblocking amounts blocked using ASBA facility.

(b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

(e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCHINVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OFWHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWOWORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITYSHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE,OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTSRETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated November 14, 2020 with NSDL and an agreement dated November 11, 2020 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in "*- Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and"*- Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form*" on pages 212 and 223, respectively.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which maybe specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 1million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending upto three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakhs or with both.

Payment by stockinvest

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

A. All monies received out of this Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of this Issue referred to under (A) shall be disclosed under an appropriate separate head in the balance of the our Company indicating the purpose for which such monies had been utilized; and

C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within the time limit specified by SEBI.

3) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.

7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "**KDDL Limited – Rights Issue**" on the envelope and postmarked in India or in the email) to the Registrar at the following address:

KFin Technologies Private Limited
Selenium Tower B, Plot 31 and 32, Financial District,
Nanakramguda, Serilingampally, Hyderabad, Rangareddi - 500 032,
Telangana, India
Telephone: +9140 6716 2222
Email: kddl.rights@kfintech.com
Investor Grievance Email: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M. Murali Krishna
SEBI Registration Number: INR000000221

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated

investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (https://rights.kfintech.com). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are +91 4067162222 and 18003454001.

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**") by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the nonresident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Rights Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlements, Rights Equity Shares and Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (other than to persons in the United States who are U.S. QIBs).

The Rights Entitlements or the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out below.

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulation S under the Securities Act and in the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) pursuant to Section 4(a)(2) under the Securities Act and other exemptions from the registration requirements of the Securities Act. Neither receipt of this Letter of Offeror any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Letter of Offer and its accompanying documents directly from our Company or the Registrar.

For Investors in the United States

The Rights Entitlements and the Rights Equity Shares may only be acquired by persons in the United States who are U.S. QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. If you are in the United States, you may not exercise any Rights Entitlements and/or acquire any Rights Equity Shares offered hereby unless you are a U.S. QIB and have been invited to participate directly by our Company.

All offers and sales in the United States of the Rights Entitlements and the Rights Equity Shares have been, or will be, made solely by our Company. The Lead Manager is not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

Each person in the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.

2. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.

3. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Letter of Offer under the heading "Restrictions on Purchases and Resales".

4. Without limiting the generality of the foregoing, the purchaser is aware and understands (and each account for which it is acting has been advised and understands) that (i) the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States; (ii) any offer and sale of the Rights Entitlements or the Rights Equity Shares in the United States is being made pursuant to Section 4(a)(2) under the Securities Act and other exemptions from the registration requirements of the Securities Act; and (iii) the Rights Entitlements and the Rights Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act; and it agrees, on its own behalf and on behalf of any accounts for which it is acting, that for so long as the Rights Entitlements or the Rights Equity Shares are "restricted securities", it will not reoffer, resell, pledge or otherwise transfer any Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interest therein, except in an offshore transaction complying with Rule 904 of Regulation S.

5. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

6. The purchaser is a U.S. QIB, and if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB. To the extent the purchaser exercises the Rights Entitlements and subscribes for the Rights Equity Shares, it will exercise such Rights Entitlements and acquire such Rights Equity Shares for its own account, or for the account of one or more U.S. QIB(s) as to which the purchaser has full investment discretion, in each case for investment purposes, and not with a view to any resale, distribution or other disposition (within the meaning of U.S. securities laws) of the Rights Entitlements or the Rights Equity Shares.

7. To the extent the purchaser exercises the Rights Entitlements and subscribes for the Rights Equity Shares, it acknowledges and agrees that it is not acquiring or subscribing for the Rights Entitlements or the Rights

Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the Securities Act). The purchaser understands and agrees that although offers and sales of the Rights Entitlements and the Rights Equity Shares are being made in the United States to U.S. QIBs, such offers and sales are being made pursuant to Section 4(a)(2) of the Securities Act or other exemptions from the registration requirements of the Securities Act.

8. The purchaser understands and acknowledges that all offers and sales in the United States of the Rights Entitlements and the Rights Equity Shares have been, or will be, made solely by our Company. The Lead Manager is not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

9. The purchaser understands that the Lead Manager have not performed diligence with respect to our Company or this Issue that they would have performed if this Issue was being registered pursuant to the Securities Act.

10. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

11. To the extent the purchaser exercises the Rights Entitlements and subscribes for the Rights Equity Shares, it agrees not to deposit any Rights Equity Shares into any unrestricted depository facility maintained by any depository bank unless and until such time as the Rights Entitlements or the Rights Equity Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

12. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, Lead Manager or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

13. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, nor the Lead Manager or any of its affiliates has made any

representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

14. The purchaser understands that the Exchange Information and this Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchanges or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information contained in the Exchange Information and this Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the US SEC, and (ii) this Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the US SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.

15. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Company; and (ii) none of the Lead Manager or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.

16. The purchaser will not hold our Company and the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.

17. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Rights Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Rights Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Rights Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company and the Lead Manager, for all or part of any such loss or losses it may suffer.

18. The purchaser understands and acknowledges that the Lead Manager is assisting our Company in respect of this Issue and that the Lead Manager is acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.

19. The purchaser understands that our Company cannot determine with certainty, and has not determined, whether our Company may be treated as a "passive foreign investment company" (a "PFIC") for U.S. federal income tax purposes for the current taxable year, and may not be able to make such a determination in future years and, in the event our Company is treated as a PFIC, will not provide information required for it to make a "qualified electing fund" election, and that there may be certain adverse consequences under United States tax laws if our Company were to be a PFIC in the current or any future taxable year in which it may hold Equity Shares. In addition, in the event our Company is treated as a PFIC, it will be subject to certain U.S. Internal Revenue Service information reporting obligations. It understands that a separate determination must be made each year as to our Company's

PFIC status. The purchaser acknowledges and confirms that it has made and relied entirely upon its own assessment as to whether, and the consequences to it if, the Company has been, is, continues to be, may be, or becomes a PFIC for United States federal income tax purposes.

20. The purchaser's exercise of the Rights Entitlements and subscription for the Rights Equity Shares and consummation of the transactions contemplated by this Letter of Offer, does not and will not constitute or result in a prohibited transaction under the U.S. Employee Retirement Income Securities Act of 1974 or Section 4975 of the U.S. Internal Revenue Code of 1986 for which an exemption is not available.

21. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that neither our Company, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States (other than U.S. QIBs) or outside of India and the United States and ineligible to participate in this Issue under applicable securities laws.

22. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. It acknowledges that our Company and the Lead Manager, their affiliates and others (including legal counsels to each of our Company and the Lead Manager) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Rights Equity Shares, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Rights Equity Shares is no longer accurate, it shall promptly notify our Company in writing.

Any person in the United States who obtains a copy of this Letter of Offer, or its accompanying documents and who has not been specifically invited by our Company to participate or who is not a U.S. QIB is required to disregard it.

For Investors Outside of the United States

The Rights Entitlements and the Rights Equity Shares offered outside the United States are being offered in offshore transactions in reliance on Regulation S.

Each person outside of the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

a. Each of the representations, warranties and agreements in numbered paragraphs 1 through 5 (inclusive), paragraphs 10 through 18 (inclusive) and paragraphs 21 and 22 under the heading "*Restrictions on Purchases and Resales -United States -For Investors in the United States*"

b. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

c. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any "directed selling efforts" in the United States (as such term is defined in Regulation S under the Securities Act).

d. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

e. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

Australia

This Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Letter of Offer has not been lodged with the Australian Securities and Investments Commission ("ASIC**")** and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Rights Entitlements and Rights Equity Shares under this Letter of Offer may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Rights Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of this Letter of Offer, and any offers made under this Letter of Offer, you represent to the Issuer and the Lead Managers that you will not provide this Letter of Offer or communicate any offers made under this Letter of Offer to, or make any applications or receive any offers for Rights Entitlements or the Rights Equity Shares for, any Australian residents unless they are a "sophisticated investor" or a "professional investor" as defined by section 708 of the Australian Corporations Act.

Any offer of the Rights Entitlements or the Rights Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or the Lead Managers) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and the Rights Equity Shares should observe such Australian on-sale restrictions.

Belgium

The Issue does not constitute a public offer in Belgium. This Letter of Offer relating to the Issue has not been, and will not be, notified to the Financial Services and Markets Authority in Belgium in accordance with the Belgian Law of 11 July 2018 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (as amended or replaced from time to time, the "Prospectus Law") and Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")**.** Accordingly, the Rights Equity Shares and Rights Entitlements may not be distributed, offered, sold or resold, transferred or delivered in Belgium except (i) to "qualified investors" as referred to in article 2, (e) of the Prospectus Regulation, (ii) to fewer than 150 natural or legal persons who hold shares in our Company (other than qualified investors as defined in the Prospectus Regulation) or (iii) in any other circumstances in which the Issue does not qualify as an offer to the public in Belgium in accordance with the Prospectus Regulation and the Prospectus Law.

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

China

This Letter of Offer may not be circulated or distributed in the People's Republic of China ("**PRC**") and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Rights Equity Shares or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this Letter of Offer are required by the Issuer and its representatives to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

European Economic Area (EEA)

In relation to each member State of the European Economic Area (each, a "**Relevant State**")**,** no Rights Entitlement or Rights Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlement and the Rights Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlement and the Rights Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(1) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(2) to fewer than 150 natural or legal persons per Relevant State (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Lead Managers for any such offer; or

(3) in any other circumstances falling within article 1(4) of the Prospectus Regulation,

provided that no such offer of the Rights Entitlements or the Rights Equity Shares requires the Issuer to publish a prospectus pursuant to article 3 of the Prospectus Regulation or supplement of a prospectus pursuant to article 23 of the Prospectus Regulation. This Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation.

For the purposes of this provision, the expression "offer to the public" in relation to any Rights Entitlement and the Rights Equity Shares in any Relevant State means the communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Rights Entitlement and the Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement and the Rights Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129, as amended from time to time.

Hong Kong

The Rights Entitlements and the Rights Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and the Rights Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Rights Entitlements and the Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Ireland

The Rights Entitlements and the Rights Equity Shares have not been offered or sold, and will not be offered, sold, underwritten, in Ireland other than in conformity with:

a. Regulation (EU) 2017/1129 (the Prospectus Regulation), the European Union (Prospectus) Regulations 2019 of Ireland and any rules issued by the Central Bank pursuant to section 1363 of the Companies Act 2014 of Ireland;

b. the provisions of the Irish Companies Act 2014;

c. the provisions of the Central Bank Acts 1942 to 2018 of Ireland (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 (as amended) of Ireland;

d. the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. no. 375 of 2017) (as amended) and the provisions of the Investor Compensation Act 1998; and

e. the provisions of the Market Abuse Regulation (EU 596/2014), the Market Abuse Directive on Criminal Sanctions for market abuse (Directive 2014/57/EU) (as amended), the European Union (Market Abuse) Regulations 2016 of Ireland and any rules issued by the Central Bank of Ireland pursuant to section 1370 of the Companies Act 2014 of Ireland.

Japan

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Rights Equity Shares. No Rights Entitlements or Rights Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) ("**Japanese Resident**") or to others for reoffering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the "**Qualified Institutional Investor**")**,** the Rights Entitlements and Rights Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Rights Entitlements and the Rights Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To receive the Rights Entitlements and subscribe the Rights Equity Shares (the "**QII Rights Entitlements and the QII Rights Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Rights Entitlements and the QII Rights Equity Shares other than to another Qualified Institutional Investor.

Kuwait

This Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Rights Equity Shares in the State of Kuwait. The Rights Entitlements and the Rights Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Rights Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Rights Entitlements or the Rights Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Rights Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Rights Equity Shares in the State of Kuwait.

Luxembourg

The Rights Entitlements and the Rights Equity Shares offered in this Letter of Offer may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This Letter of Offer is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Rights Entitlements and the Rights Equity Shares. Distribution of this Letter of Offer to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without prior written consent of the Issuer, is prohibited.

Mauritius

The Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Letter of Offer nor any offering material or information contained herein relating to the offer of the Rights Entitlements and the Rights Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Letter of Offer does not constitute an offer to sell the Rights Entitlements and the Rights Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

Singapore

The Lead Manager has acknowledged that this Letter of Offer has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Lead Manager has represented and agreed that it has not offered or sold any Rights Entitlement or Rights Equity Shares or caused the Rights Entitlement and Rights Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Rights Entitlement or Rights Equity Shares or cause the Rights Entitlement or Rights Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Letter of Offer or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Entitlement and the Rights Equity Shares, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA**"))** pursuant to Section 274 of the SFA;

(b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Rights Entitlement and the Rights Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Rights Entitlement and the Rights Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;
(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

South Korea

We are not making any representation with respect to the eligibility of any recipients of this Letter of Offer to acquire the Rights Entitlements and the Rights Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "FSCMA**").** Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Rights Entitlements and the Rights Equity Shares, except (i) where relevant requirements are satisfied, the Rights Entitlements and the Rights Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations. Furthermore, the Rights Entitlements and the Rights Equity Shares may not be re-sold to Korea residents unless the purchaser of the Rights Entitlements and the Rights Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Rights Entitlements and the Rights Equity Shares.

Taiwan

The Rights Entitlements and the Rights Equity Shares have not and will not be registered with the Financial Supervisory Commission of Taiwan or any other governmental authorities of Taiwan, and are not being offered or sold and may not be offered or sold, directly or indirectly, in Taiwan or otherwise, to, or for the benefit of, any resident or entity of Taiwan, except (i) pursuant to the requirements of the securities related laws and regulations in Taiwan; and (ii) in compliance with any other applicable requirements of Taiwan laws.

United Kingdom

In the United Kingdom, this Letter of Offer and any investment or investment activity to which this Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of "investment professionals" contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order**"),** (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order or (iii) to whom it can otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"**).** Persons who are not relevant persons should not take any action on the basis of this Letter of Offer and should not act or rely on it or any of its contents.

SECTION VII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these contracts and also the documents for inspection referred to hereunder, would be available on the website of the Company at www.kddl.com from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated [●] between our Company and the Lead Manager.

2. Registrar Agreement dated January 6, 2021 between our Company and the Registrar to the Issue.

3. Bankers to the Issue Agreement dated [●] among our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.

B. Material Documents in Relation to the Issue

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company.

2. Certificate of incorporation dated January 8, 1981 and fresh certificate of incorporation dated September 14, 2007.

3. Certificate of commencement of business dated February 6, 1981.

4. Copies of annual report of our Company for Fiscals 2020, 2019, 2018, 2017 and 2016.

5. Resolution of our Board dated November 11, 2020 approving the Issue.

6. Prospectus dated [●], in respect of the IPO of equity shares of face value of ₹ 10 each by our Company.

7. Resolution of our Board dated [●], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.

8. Consents of our Directors, Company Secretary and Compliance Officer, Lead Manager, Bankers to our Company, Bankers to the Issue, Legal Advisor to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.

9. The Audited Financial Statements and Unaudited Financial Results along with reports dated June 27, 2020 and February 12, 2021, respectively of the Statutory Auditors thereon included in this Letter of Offer.

10. Report on Statement of Special Tax Benefits dated February 16, 2021 for our Company and for our Material Subsidiary from the Statutory Auditors of our Company.

11. Tripartite Agreement dated November 14, 2020 between our Company, NSDL and the Registrar to the Issue.

12. Tripartite Agreement dated November 11, 2020 between our Company, CDSL and Registrar to the Issue.

13. In-principle approval issued by the BSE dated [●] and the NSE dated [●].

14. Due diligence certificate dated [●], 2020, addressed to SEBI from the Lead Manager.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the Eligible Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

____
Yashovardhan Saboo
Chairman and Managing Director (Executive and Non-Independent)

____
Sanjeev Kumar Masown
Whole Time Director (Executive Director) and Chief Financial Officer

____
Jai Vardhan Saboo
Director (Non-Executive and Non-Independent)

____
Vishal Satinder Sood
Nominee Director (Non-Executive)

____
Anil Khanna
Director (Non-Executive and Independent)

____
Sanjiv Sachar
Director (Non-Executive and Independent)

____
Ranjana Agarwal
Director (Non-Executive and Independent)

____
Praveen Gupta
Director (Non-Executive and Non -Independent)

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

____
Sanjeev Kumar Masown
Whole Time Director (Executive Director) and Chief Financial Officer

Date: [●]

Place: [●]