

ANNUAL REPORT

2014-2015



BANKERS

Bank of India
Corporation Bank
IDBI Bank Limited

CHIEF FINANCIAL OFFICER

Mr. Sanjeev Kumar Masown

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Pawan Kumar Goyal

AUDITORS

Messrs Walker Chandiook & Co. LLP
(Formerly Walker, Chandiook & Co.)
Chartered Accountants
L-41, Connaught Circus,
New Delhi – 110 001

CORPORATE OFFICE

Kamla Centre, S.C.O. 88-89,
Sector 8-C, Madhya Marg,
Chandigarh – 160 009

REGISTERED OFFICE & DIALS UNIT – I

Plot No. 3, Sector III,
Parwanoo – 173 220 (H.P.)

UNIT – II

Haibatpur Road, Saddomajra,
Derabassi – 140 507 (Punjab)

HANDS UNIT

UNIT – I

Plot No. 296-297,
5th Main, IV Phase,
Peenya Industrial Area,
Bangalore – 560 058 (Karnataka)

UNIT – II

408, 2nd Floor, 4th Main, 11th Cross,
Peenya Industrial Area,
Bangalore – 560 058 (Karnataka)

ASSEMBLY UNITS

UNIT – I

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

PACKAGING UNIT

UNIT – I

Plot No. 25/1, Industrial Area,

Phase – II, Chandigarh – 160 002

UNIT – II

Plot No. 9, Sector V,
Parwanoo - 173220 (H.P.)

PRECISION STAMPING UNIT (EIGEN)

408, 4th Main, 11th Cross,
Peenya Industrial Area,
Bangalore – 560 058 (Karnataka)

DELHI OFFICE

Shop No. 204 to 206,
Square One Shopping Complex,
District Centre, Saket Place, Saket
New Delhi – 110 065

COMPANY CIN NO. L33302HP1981PLC008123

BOARD OF DIRECTORS:

Mr. Rajendra Kumar Saboo - Chairman
Mr. Yashovardhan Saboo - Vice Chairman and Chief
Executive Officer
Mr. Dinesh Agrawal - Chief Operating Officer

Dr. T. N. Kapoor
Mr. Chandra Mohan
Mr. Jagesh Khaitan
Mr. Anil Khanna
Mrs. Ranjana Agarwal
Mr. Praveen Gupta

CONTACT DETAILS:

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

CONTENTS

Notice.....	1
Directors' Report	11
Management Discussion & Analysis Report	41
Report on Corporate Governance	48
Auditors' Report	60
Balance Sheet	63
Statement of Profit and Loss	64
Cash Flow Statement.....	65
Consolidated Accounts.....	95
Information regarding subsidiary companies	141
Proxy Form and Admission Card	143



KDDL Limited

(CIN: L33302HP1981PLC008123)

Registered Office: Plot No. 3, Sector - III, Parwanoo, Distt. Solan, H.P.

Email: pawan.goyal@kddl.com, Website: www.kddl.com

Phone: 0172-2548223, 24 & 27, Fax: 0172-2548302

NOTICE

NOTICE IS HEREBY GIVEN THAT the **35th ANNUAL GENERAL MEETING** of KDDL Limited will be held on Monday, the 24th day of August, 2015 at 12:30 P.M. at Hotel Timber Trail Resorts, Parwanoo 173 220 (H.P.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements of the Company (Standalone as well as consolidated) for the financial year ended 31st March, 2015, the reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend for the year ended 31st March, 2015.
3. To appoint a director in place of Dr. T. N. Kapoor (holding DIN-00017692), who is liable to retire by rotation.
4. To re-appoint M/s.Walker Chandiook & Co.LLP, Chartered Accountants (ICAI Registration No. 001076N/N500013) as statutory auditors of the Company for the two years subject to ratification of their appointment at the next annual general meeting of the Company and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 149,152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Praveen Gupta (holding DIN 01885287), who was appointed as an additional director of the Company w. e. f 08.11.2014 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member signifying his attention to propose Mr. Praveen Gupta as a candidate for the office of Director of the Company and Mr. Praveen Gupta has submitted a declaration stating that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment as such as recommended by the Nomination and Remuneration Committee of the Board, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5(Five) Years from the conclusion of 35th Annual General Meeting i.e. with effect from 24.08. 2015 to 23.08.2020."

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

"RESOLVED THAT in accordance with the provisions of section 73 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the rules prescribed there under, approval of the Company, be and is hereby, accorded to the Board of Directors of the Company to borrow money from its members by way of Fixed Deposits subject to compliance of all the conditions stated under section 73(2) of the Act or any other applicable provisions of the act, if any and subject to maximum limits provided under the act read with the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time.

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

RESOLVED FUTHER THAT the Board of directors, be and are hereby, specifically authorised to do all such acts, deeds and things as may be necessary to give effect to the above resolution and to settle any question, difficulty or doubt that may arise in this regards.

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

"RESOLVED THAT in accordance with:

- a) the provisions of sections 42, 62 and other relevant provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014,
- b) the clauses of the Listing Agreement executed by the Company with the BSE Limited where the equity shares of the Company are listed and traded,
- c) the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations**") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force),
- d) the relevant provisions of the Memorandum and Articles of Association of the Company,
- e) other applicable rules, regulations, statutes, notifications, clarifications and/or guidelines, if any, of SEBI , RBI, Government of India, Ministry of Finance (Department of Economic Affairs), the Ministry of Commerce and Industry (Foreign Investment Promotion Board/ Secretariat for Industrial Assistance) and such other authorities as may be applicable;

and subject to

- f) the requisite approvals, consents, permissions or sanctions (if any), as may be required to be obtained from any banks or financial institutions or any regulatory authority, wherever necessary,
- g) the provisions of Foreign Exchange Management Act, 1999, as amended including the Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 as amended from time to time,
- h) further subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of the statutory or regulatory authorities including the BSE Limited which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution) be and is hereby authorised to accept,
- i) subject to such conditions and modifications as may be considered appropriate by the Board;

consent and approval of the Company be and is hereby accorded to create, offer, issue and allot up to 10,08,400 (Ten lacs eight thousand and four hundred only) equity shares of Rs. 10 each ("Issue Shares"), on a preferential basis to SAIF India V FII Holdings Limited (a non-promoter), a Qualified Institutional Buyer ("Investor"), for cash at a price of Rs 297.50 per Issue Share (including premium of Rs.287.50 per Issue Share), in accordance with the provisions of the SEBI (ICDR) Regulations, for a total subscription amount not exceeding Rs. 30,00,00,000/- (Rupees Thirty Crores only).

RESOLVED FURTHER THAT the allotment of the Issue Shares pursuant to this resolution shall be made within 15 days from the date of receipt of approval of the shareholders, provided that where the allotment of the said Issue Shares is pending on account of pendency of any approval of such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of grant of such approval.

RESOLVED FURTHER THAT the price of the Issue Shares has been calculated in accordance with the provisions of Chapter VII of the SEBI (ICDR) Regulations. 'Relevant Date' for the purpose of calculating the price of the Issue Shares is July 24, 2015 the date which is 30 days prior to the date of shareholders meeting for approving the preferential issue.

RESOLVED FURTHER THAT the allotment of the Issue Shares shall be made in dematerialized form.

RESOLVED FURTHER THAT the Issue Shares so issued and allotted as above shall be locked in as per the provisions of Chapter VII of the SEBI ICDR Regulations.

RESOLVED FURTHER THAT the Issue Shares shall be listed on the stock exchanges, where the existing equity shares of the Company are listed.

RESOLVED FURTHER THAT the Issue Shares so issued by the Company to the Investor on a preferential basis, shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu with the existing equity shares of the Company in all respects, including as to dividend.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do and carry out all such acts, deeds, matters and things as it may in its sole discretion deem necessary for such purpose, including without limitation, appointment of consultants, solicitors, scrutinizers or any other agencies as may be required, and entering into arrangements for listing, trading, depository services and such other arrangements and agreements as may be necessary, with full powers to settle any question, difficulty or doubt that may arise at any time in relation to the issue or allotment of said Issue Shares and utilisation of issue proceeds thereof.

RESOLVED FURTHER THAT for the purpose of giving effect to the issue, the Chief Executive Officer and the Chief Financial Officer of the Company be and are hereby authorised severally on behalf of the Company, to sign all documents and settle all questions, difficulties, or doubts that may arise in regard to the issue, offer and allotment of the securities and utilization of the issue proceeds as they may in their absolute discretion deem fit, including but not limited to seeking listing of the Issue Shares on the relevant stock exchange(s) as appropriate, opening bank accounts on behalf of the Company, making, amending and finalizing all applications for any approvals, consents or permissions as may be considered necessary, proper and expedient, making disclosures to the stock exchanges where the securities of the Company are listed, including sub-delegating the above powers any committee of the Board, any other director or officer of the Company, to the extent deemed necessary and expedient, to form a Committee and /or delegate all or any of their powers to any committee of directors (including any officer(s) of the Company) and are authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deemed necessary or desirable for such purpose in the best interest of the Company to give effect to the aforesaid resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board

Date: 24th July, 2015
Place: Chandigarh

(P. K. Goyal)
Company Secretary
Membership No.: F-2338
Address: S.C.O. 88-89, Sector 8-C, Chandigarh

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 16th August, 2015 to 24th August, 2015 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend for 2014-15.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.**

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxy Form submitted on behalf of the Companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Final dividend of Rs. 2/- (Two) (20%) per share has been recommended by the Board of Directors for the year ended 31.03.2015 and subject to the approval of the shareholders at the ensuing Annual General Meeting, the dividend will be paid within a period of 30 days from the date of declaration, to those members whose names appear on the Register of Members as on 15th August, 2015.

5. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.

6. Under Section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government.

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2007-08(Final) onwards upto the date of the 34th Annual General Meeting (AGM) held on 6th August, 2014, on the website of the IEPF viz. www.iepf.gov.in. The Members who have not encashed their dividend warrants so far for the financial year ended 31st March, 2008 or any subsequent years are requested to immediately return the outdated warrants to the Company to enable the Company to issue D/D in lieu thereof

7 To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

9. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

10. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-15 is being sent in the permitted mode.

12 Members may also note that the Notice of the 35th Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website www.kddl.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Parwanoo for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication,

the shareholders may also send requests to the Company's investor email id: investor.complaints@kddl.com. or pawan.goyal@kddl.com

13. Voting through electronic means:

i. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended up to date, the Company is pleased to provide member's facility to exercise their right to vote at the 35th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting platform provided by Karvy.

The instructions for e-voting are as under:

i. Use the following URL for e-voting: Karvy website: <http://evoting.karvy.com>

ii. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, i.e. 17th August, 2015 may cast their vote electronically. Any person who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17th August 2015, may obtain the login ID and password by sending a request to the Company or to Karvy at email: evoting@karvy.com

iii. Enter the login credentials i.e. User ID and password mentioned in the attendance slip attached with the Annual Report. Please follow the instructions given in the e-voting portal.

iv. After entering the details appropriately, click on LOGIN.

v. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. You need to login again with the new credentials.

vii. On successful login, the system will prompt you to select the EVENT, i.e. KDDL Limited.

viii. On the voting page, enter the number of shares as on the cut off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.

ix. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.

x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm, else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.

xi. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently. Such shareholder is entitled to attend the Meeting but shall not be entitled to cast his vote again.

xii. The Portal will be open for e-voting from 9.00 A.M. on 21st August, 2015 to 5.00 P.M. on 23rd August, 2015. The e-voting facility will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.

voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd at Tel No. 1800 345 4001 (toll free).

II. The Company has appointed Mr. Ajay Arora, Company Secretary, whole time in Practice (ICSI Membership No. FCS - 2191 and Certificate of Practice No. 993) as the Scrutinizer to scrutinize and collate the e-voting process in a fair and transparent manner.

III. The Scrutinizer shall within a period not exceeding two working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IV. The results shall be declared after the AGM of the Company within two days. The results along with the Scrutinizer's Report shall be placed on the Company's website www.kddl.com and on the website of Karvy. The results shall simultaneously be communicated to the stock exchange and shall also be displayed on the Notice Board of the Company at its Registered/Corporate office. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. 24th August, 2015.

V. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to Mr. Ajay Arora, Practicing Company Secretary at his e-mail address ajaykcs@gmail.com with a copy marked to Company Secretary, KDDL Ltd, Chandigarh at pawan.goyal@kddl.com

14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (11.00 am to 2.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

EXPLANATORY STATEMENT (PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)

ITEM NO.5

The Company had, pursuant to the provision of clause 49 of the Listing Agreement entered into with Bombay Stock Exchange and also in compliances with the applicable provisions of the Companies Act, 2013 has appointed Mr. Praveen Gupta, a professionally qualified person, who was appointed as a Additional Director of the Company w. e. f. 08.11.2014 by the Board of Directors of the Company, has now been appointed as independent Director on the recommendation of the Nomination and Remuneration Committee in the Board Meeting dated 28.05.2015, in compliance with the requirement of the clause.

Pursuant to the provision of Section 149 of the Companies Act, 2013 which came into effect from April 1, 2014, and clause 49 of the Listing agreement, every listed public company is required to have, at least one third of the Total number of directors, who are not liable to retire by rotation or where the Chairman of the Company is executive director, at least one half of the total number of directors who are not liable to retire by rotation.

In the opinion of the Board, Mr. Praveen Gupta as the Independent Director fulfill the conditions specified in Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2013 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force). Further, the aforesaid Independent Director has given a declaration to the Board of Directors to the effect that he meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Pursuant to Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. Praveen Gupta as Independent Director of the Company up to 5 (five) consecutive years up to 23rd August, 2020

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Mr. Praveen Gupta as Independent Director is now being placed before the members for their approval.

The terms and conditions of appointment of the above directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working days from 11.00 am to 2.00 pm up to the date of Annual General Meeting.

A brief profile of Mr. Praveen Gupta as the Independent Director whose appointment is proposed at item no 5 of the accompanying notice have been given in the annexure attached.

None of the Directors or their relatives and Key managerial personnel or their relatives except Mr. Praveen Gupta, are concerned or interested in the resolution set out at item no. 5 of the accompanying Notice.

The Board commends the passing of the Resolution set out in Item No. 5 of the accompanying Notice.

ITEM NO. 6

Section 73(2) of the Companies Act, 2013 makes it mandatory for the Company to obtain approval of General Meeting before accepting any borrowing from the shareholder by way of Fixed Deposits.

As the conditions and maximum limits for accepting deposits from the Shareholders has been laid down in the Companies (Acceptance of Deposits) Rules, 2014 so approval of the shareholders is required for accepting deposits after complying with all the conditions stated in Section 73(2) of the Act and within the limits prescribed under the Companies (Acceptance of Deposits) Rules, 2014.

In view of the foregoing, it is therefore necessary for the shareholders to pass an ordinary resolution required under section 73(2) and other applicable provisions of the Companies Act, 2013 as set out at Item No 06 of the Notice.

None of the Directors of the Company and /or Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item no. 6.

The Board recommends the resolution for the approval of the Members.

ITEM NO. 7

Your Company's business is growing and the funds are required by the Company for meeting its working capital requirements, debt repayments, permissible business investments as allowed under applicable laws, and other general corporate purposes.

It is proposed to raise funds by issue of equity shares through preferential allotment subject to statutory approvals and compliances as may be required to be obtained and complied with under applicable laws in India.

The Board at its meeting held on 24th July, 2015 approved the issue and allotment of up to 10,08,400 (Ten lacs eight thousand and four hundred only) equity shares of face value Rs. 10 each ("Issue Shares"), on a preferential basis to SAIF India V FII Holdings Limited (a non-promoter), a Foreign Portfolio Investor (a Qualified Institutional Buyer) ("**Investor**"), for cash at a price of Rs 297.50 per Issue Share (including premium of Rs.287.50 per Issue Share), in accordance with the provisions of the SEBI (ICDR) Regulations, for a total subscription amount not exceeding Rs. 30,00,00,000/- (Rupees Thirty Crores only).

The Board has also approved the execution of an investment agreement between the Company and the Investor under which agreement and subject to the terms and conditions of which the Investor proposes to subscribe to the Issue Shares ("**Investment Agreement**").

The proposed issue and allotment of the Issue Shares will inter-alia be governed by the Companies Act, 2013 read with the rules framed there under (including any statutory modification or re-enactment thereof for the time being in force), the articles of association of the Company, the listing agreement entered into between the Company and BSE Limited where the equity shares of the Company are listed, the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 ("**SEBI ICDR Regulations**") as amended from time to time and the terms of the Investment Agreement.

The issuance of the Issue Shares to the Investor on a preferential basis will be subject to customary conditions including applicable governmental and regulatory approvals and other third party approvals. The satisfaction of these

conditions is not necessarily within the control of the Company. The Issue Shares allotted to the Investor shall rank pari-passu with all other equity shares of the Company in respect of all rights including dividend.

The Company submits the following information for taking appropriate decision for approval of the proposed resolution set out in Item No. 7 of the Notice of the meeting by way of **Special Resolution**:

- a The objects of the above preferential issue Your Company's business is growing and the funds are required by the Company for meeting its working capital requirements, debt repayments, permissible business investments as allowed under applicable laws, and other general corporate purposes.
- b The proposal of the promoters, directors or key managerial personnel of the issue to subscribe to the offer Promoters, Directors or Key Managerial Personnel do not intend to subscribe to the offer.
- c The shareholding pattern of the issuer before and after the preferential issue As given below:-

Particulars	Pre Issue i.e. on 30.06.2015		Preferential Issue of Equity Shares	Post Issue	
	No. of shares held	%age of share holding		No. of shares held	% age of share holding (Approx.)
(I) Promoters' holding					
Indian:-					
Individual	4776981	52.63	-	4776981	47.37%
Bodies Corporate	18001	0.20	-	18001	0.18%
Sub Total	4794982	52.83	-	4794982	47.55%
Foreign Promoters	0	0	-	0	0
Total (I)	4794982	52.83	-	4794982	47.55%
(II) Non Promoters' shareholding					
Institutional Investors	48450	0.53	-	48450	0.48%
Non Institution:-					
Private Corporate Bodies	1424127	15.69	-	1424127	14.12%
Directors and relatives	63993	0.71	-	63993	0.63%
Indian Public	2630874	28.99	-	2630874	26.09%
Others (including NRI)	114044	1.25	-	114044	1.13%
QIB	-	-	1008400	1008400	10.00%
Total (II)	4281488	47.17	-	5289888	52.45%
Grand Total (I) + (II)	9076470	100.00	-	10084870	100.00%

- d The time within which the preferential issue shall be completed The issue and allotments under preferential issue process is to be completed within the statutory time limits prescribed by the regulatory authorities from the date of this meeting to all the necessary approvals being in place.
- e The identity of (the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control) the proposed allottees, the percentage of post preferential issue capital that may be held SAIF India V FII Holdings Limited (a non-promotor), a foreign portfolio investor (a Qualified Institutional Buyer), shall hold not more than 10% of the post preferential issue capital. No change in control is envisaged on the preferential allotment of the shares to the aforesaid investor

SAIF India V FII Holdings Limited is a Category II foreign portfolio investor. There is no natural person /individual who are ultimately holding greater than or equal to 25% beneficial ownership interest directly/indirectly in the entity.

f)	An undertaking that the issuer shall recompute the price of the specified securities in terms of the provisions of these regulations where it is required to do so.	As the shares of the Company are listed with the BSE Limited for more than six(6) months, the same is not applicable to the Company
g	An undertaking that if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked in till the time such amount is paid by the allottees.	As the shares of the Company are listed with BSE Limited for more than six (6) months, the same is not applicable to the Company
h	Relevant Date	The Relevant Date shall be July 24, 2015, which is 30 days prior to the date of shareholders meeting for approval of the preferential allotment
l	Pricing of the issue	The equity shares shall be priced at Rs. 297.50 per equity share as per the provisions of Chapter VII of the SEBI ICDR Regulations.
j	Payment and conversion terms	Full consideration shall be paid by the allottees before the time of such allotment of such shares.
k	Auditor's Certificate	A copy of the Auditor's certificate certifying the compliance with SEBI (ICDR) Regulations will be placed before the shareholders at the meeting and will also be open for inspection at the Registered Office of the Company from 11.00 A.M. to 2.00 P.M. on any working day up to the date of the meeting.
l	Lock In	The Issue shares to be allotted on preferential basis shall be locked-in as prescribed under the provisions of Chapter VII of the SEBI ICDR Regulations.
m	The total number of shares or other securities to be issued	10,08,400 (Ten lacs eight thousand four hundred only) Equity Shares of face value of Rs 10/-each.
n	The class or classes of persons to whom the allotment is proposed to be made	Foreign Portfolio Investor
o	The change in control, if any, in the company that would occur consequent to the preferential offer	The allotment of Issue Shares would not result in any change in the control or management of the affairs of the Company.
p	The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price.	Not Applicable
q	The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not applicable

The consent of the members is now being sought under Section 42 and 62 of the Companies Act, 2013 read with rules framed there under, Chapter VII of the SEBI ICDR Regulations, and provisions of the listing agreement executed by the Company with the BSE Limited where the equity shares of the Company are listed.

None of the Directors and Key Managerial Personnel along with their relatives may be deemed to be concerned or interested in the aforesaid resolution except to the extent of their shareholding, if any.

The Board of Directors of the Company believes that the aforesaid preferential issue is in the best interest of the Company and hence, recommends the special resolution for the approval of the shareholders.

By Order of the Board

Date: 24th July, 2015
Place: Chandigarh

(P. K. Goyal)
Company Secretary
Membership No.: F-2338
Address: S.C.O. 88-89, Sector 8-C, Chandigarh

Brief Resume of the Director being appointed/re-appointed at the Annual General Meeting of the Company

Mr. Praveen Gupta, being appointed as Independent Director of the Company:

Name of the Director	Praveen Gupta		
Date of Birth	9th September, 1955		
Date of first Appointment	8th November, 2014		
Qualification and experience in specific functional areas Technology (IIT) Kanpur in 1977.	P. G. Diploma in Management from The Indian Institute of Management, (IIM) Ahmedabad in 1980 and B. Tech (Electrical Engineering) from the Indian Institute Total 34 years experience at various senior positions with present position as Managing Director of Minda Sai Limited since 28th July, 2008.		
List of companies in which outside Directorship held	Minda Sai Limited		
Chairman/Member of the Committees of the Board of the Company	NIL		
Chairman/Member of the Committees of Board of other companies in which he is a Director	Minda Sai Limited	CSR Committee	Member

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this 35th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2015.

OPERATIONS AND PROSPECTS

Financial Results (Standalone and Consolidated)

The summary of operating results for the year 2014-15 and appropriation of divisible profits is given below:

Amount in Rs millions

Particulars	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Gross Operating Income	1310.4	1154.9	4159.2	3386.1
Profit before interest, depreciation and exceptional item	260.0	214.4	410.3	336.2
Less: Finance Cost	80.5	81.9	153.4	141.6
Gross Profit	179.5	132.5	256.9	194.6
Less: Depreciation and amortisation	74.0	59.2	118.0	80.2
Profit before exceptional Items and tax	105.5	73.3	138.9	114.4
Less/(Add): Exceptional items	1.4	5.9	0.0	5.6
Profit Before tax	104.1	67.4	138.9	108.8
Less: Provision for Income Tax, Deferred Tax	39.0	25.0	50.8	19.7
Profit after tax but before minority Interest	65.1	42.4	88.1	89.1
Less: Minority interest	-	-	1.3	3.8
Net Profit / (Loss) for the Year	65.1	42.4	86.8	85.3
Add: Profit brought forward from previous year	81.0	56.6	-40.8	-92.7
Profit available for appropriation	146.0	99.0	46.0	-7.4
Appropriated as under:				
Adjustment in reserves pursuant to applicability of schedule II of Companies Act, 2013 (refer note 13)	24.0	0.0	27.1	0.0
Deffered tax adjustments for fixed assets written off	-8.3	0.0	-9.3	0.0
Transfer to Minority reserve	0.0	0.0	0.1	0.0
Proposed Dividend	18.2	13.6	18.2	13.6
Corporate Dividend Tax	3.7	2.3	3.7	2.3
Transfer to General Reserve	30.0	2.1	30.0	2.1
Dividend on Cumulative Preference Sahres	0.0	0.0	25.0	15.4
Total Appropriation	67.6	18.0	94.8	33.4
Surplus carried forward to Balance Sheet	78.5	81.0	-48.8	-40.8

PERFORMANCE AND PROJECTIONS

During the year under review, the Company achieved consolidated sales revenue of Rs. 4159 million against Rs. 3386 million in the previous year, witnessing a growth of 23%. The profit before tax improved from Rs. 109 million to Rs. 139 million, representing a growth of 28%.

The sales revenue from manufacturing operations on standalone basis was Rs. 1310 Million against Rs. 1155 Million in the previous year, thereby registering an increase of 13%. The company earned net profit after tax of Rs. 65 million against Rs. 42 million in the previous year.

Manufacturing Business Segments

All major manufacturing units of the Company except Packaging business reported increase in turnover during the year. The major growth in percentage terms was from Precision Engineering business, which witnessed a growth of 27%, primarily from higher direct and indirect exports. The watch components manufacturing units also registered a growth of 12%, primarily driven by growth in revenue from domestic market, wherein the revenue increased by 21% compared to previous year and exports revenue increased by 9%. The higher turnover in all segments and increase in export markets, led to improved margins and higher profitability.

The requirement of watch components from domestic watch industry were better than the previous year, but it still continues to be low and irregular for ensuring optimum utilization of the capacities and resources.

Your Company's continuing efforts for improving the average price realization by manufacturing components with additional features and higher complexity are showing favorable results in financial terms and also better customer confidence. The strategic actions of management are in the right direction and yielding desired results.

The Company continues to focus on improving the productivity with dedicated steps for skill enhancement, better utilization of machines and optimizing business and manufacturing processes.

The Precision Engineering business of the Company is witnessing a healthy growth in revenue. Efforts for improving the reach to customers by show-casing our capabilities and competitiveness are bearing fruits. Your company has established its reputation as a quality supplier with the ability to meet sophisticated customer needs. The Company believes that this business segment will be a major source of growth in revenue and profitability in the coming years. The Company has engaged the services of external agencies in developing the strategic plan and proposing the alternatives for a high growth trajectory in various emerging opportunities.

Retail Business Segments:-

During the course of the year, the Company continued its topline growth. The company's billings grew from Rs. 247 crores in FY13-14 to Rs 316 crores in FY14-15, a growth of approximately 28%. The growth in billings has been achieved on the back of healthy like-to-like growth of billings at store level at 13%. A key part of this growth has been the Company's continued commitment to its online initiatives. In the year, the Company attracted online traffic of 3.7 million unique visitors, a growth of 83% from the previous year. Further, the on-line initiatives contributed to more than 24% of the overall sales achieved by the Company, compared to 16% in the previous year.

The luxury watch market in India continues to grow faster than the overall growth of the Swiss Watch exports which grew at about 2% only in the calendar year 2014. However, the Indian market did see a temporary low growth period during the first quarter of the year due to political and economic uncertainties; it rebounded in the subsequent quarters and is estimated to have grown by about 15% over the previous year.

The Packaging division continues to operate at stagnant revenues. Despite success in establishing our presence in new market segments like writing instruments, and obtaining orders from India and abroad, the volumes from these segments remain low. At this level of business the division has continued to incur losses. The Company is taking necessary proactive actions to contain losses and turn around this division.

The Company's Swiss subsidiary, Pylania SA in Switzerland restricted the manufacturing operations in 2013 and concentrated efforts on eliminating losses by cutting cost and tapping alternate revenue streams. The efforts of the Company yielded desired results and the profitability of the Company is much better as compared to previous year. We foresee that the watch component manufacturing business of Company will witness recovery with the implementation of the new "Swiss Origin" regulations that are under discussions in the Swiss parliament in process of being adopted in Swiss Law.

The operations of the Joint venture Company Satva Jewellery and Design Limited, the 50:50 Joint Venture with Pascal Vincent Vaucher, SA of Switzerland remained suspended during the year. The Company is in discussion with the JV partner for finding out the alternatives for restructuring / realigning the business of the Company.

LISTING OF SHARES

The Equity Shares of the Company are listed on the BSE Limited (formerly Bombay Stock Exchange Ltd.) and the Company has paid the Annual Listing Fees to BSE for the financial year 2014-15 as well as for 2015-16.

The Company has also applied for the Listing of its equity shares with the National Stock Exchange of India Limited (NSE) since it was complying with the requisite norms and its application is under consideration of the NSE.

DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES

As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies/ Associate Companies/Joint Ventures is prepared in Form AOC-1 and the same is enclosed as **Annexure-1** to this Report.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 issued by The Institute of Chartered Accountants of India (ICAI) and as per the provisions of the Companies Act, 2013.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website www.kddl.com and a copy of separate audited financial statements of its subsidiaries will be provided to the shareholders at their requests.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return, in Form MGT -9 for the Financial Year 2014-15 has been enclosed with this report as **Annexure 2**.

NUMBER OF BOARD MEETINGS

The detail of number of meetings of the Board held during the financial year 2014-15 forms part of the Report on Corporate Governance in terms of Clause 49 of the Listing Agreement.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134(5) the Board confirm and report that:—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION & REMUNERATION COMMITTEE POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management Personnel of the Company. This policy also lays down criteria for selection and appointment of Board Members. The detail of this policy is explained in the Report on Corporate Governance prepared in accordance with Clause 49 of the Listing Agreement.

RE-APPOINTMENT OF INDEPENDENT AUDITOR

M/s Walker Chandio & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, retires at the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of section 141 of the Companies Act, 2013.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed M/s P. S. Dua & Associates, a firm of Company Secretaries (C.P. No.3934) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in prescribed format MR.-3 given by aforesaid Secretarial Auditors is annexed to this Board Report as **Annexure 3** and forms an integral part.

The Secretarial Auditor has neither qualified the Secretarial Audit Report nor given any adverse remark for which explanation may be required to be given in the Director's Report.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

Complete details of Loans, Guarantees and Securities, and Investments covered under Section 186 of the Companies Act, 2013 given during the year under review is provided below:

Details of Loans:

Sr No.	Date of making loan	Details of Borrower	Amount (in Rs.)	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Date of Board Resolution	Date of Special Resolution (if required)	Rate of Interest	Security
1	25.12.2014	Dinesh Agarwal	1200000/-	Personal Use	12 months	06/08/2014	N.A	10.00%	Nil

Details of Loans:

SL No	Date of investment	Details of Investments	Amount (in Rs.)	Purpose for which the proceeds from investment is proposed to be utilized by the recipient	Date of Board Resolution	Date of Special Resolution (if any)	Expected rate of return
1	25.11.2014	14% CCCPS	2499900	For working Capital	08/11/2014	28.08.2014	14%

Details of Guarantee / Security Provided:

SL No	Date of providing security/ guarantee	Details of recipient	Amount (in R s.)	Purpose for which the security/ guarantee is proposed to be utilized by the recipient	Date of Board Resolution	Date of Special Resolution (if any)	Commission
1	21/10/2014	IDBI Bank Limited	5.00 crores	Enhancement of Working Capital Facilities of the subsidiary Company Ethos Limited	21.10.2014	28/08/2014	Nil
2	04/08/2014	Bank of Maharashtra	8.00 crores	Working Capital Facilities for subsidiary Company Ethos Limited	05.02.2014	06/08/2014	NIL
3.	08/11/2014	Bank of India	5.00 Crores	Bank Guarantee (Foreign) Limits for Subsidiary Company - Pylania S.A	08.11.2014	06/08/2014	At Actual Cost to the Company

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2014-15 in the prescribed Form AOC 2 has been enclosed with the report as **Annexure 4**.

AMOUNTS TRANSFERRED TO RESERVES

The Board of Directors of the Company has decided to transfer Rs 30.00 million to its General Reserves.

DIVIDEND

Your Directors have recommended a dividend of 20% i.e. Rs 2/- (Two) per share on equity shares of the Company for the financial year ended 31st March, 2015 (last year 15% i.e. Rs 1.50/- per equity share). The Dividend shall be paid after the approval of the shareholders at the ensuing Annual General Meeting.

The total outgo of the dividend to be paid to shareholders will be Rs 21.87 million (inclusive of Corporate Dividend Tax).

The dividend payout for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company.

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

In terms of Section 125 of the Companies Act, 2013, the Unclaimed Dividend of Rs. 2,20,746/relating to the financial years 2007-08 is due for remittance on 05.09.2015 to the Investor Education and Protection Fund established by the Central Government

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no Material changes and commitments in the business operations of the Company from the financial year ended 31st March, 2015 to the date of signing of the Director's Report.

RISK MANAGEMENT POLICY

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

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

Risks of Specific Nature

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

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

Risk Strategy

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

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

Risk Management Framework

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Company is committed to discharge its social responsibility as a good Corporate Citizen. As part of its social responsibility, the Company has constructed Toilet Blocks for boys and girls with the facility of Tube well to ensure a permanent supply of water, and has taken initiatives to promote education, in the rural areas of the Country. These projects have been undertaken in compliance to the provision of the Section 135 of the Companies Act, 2013 read with Schedule VII and rules made there under and in accordance with Company's CSR Policy. The Report on CSR required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as **Annexure –5** forming part of this report.

MECHANISM FOR EVALUATION OF BOARD

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a structured procedure was adopted after taking into consideration the various aspects of the Board's functioning, composition of the Board and its various Committees, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed well in time. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expresses their satisfaction with the evaluation process.

DIRECTORS

The tenure of the appointment of Mr. Rajendra Kumar Saboo, Chairman and Mr. Yashovardhan Saboo as Managing Director of the Company ended on 30th November, 2013 and 31st March, 2014 respectively. The shareholders have re-appointed them for a further period of 3 (three) years w. e. f. 1st December, 2013 and 1st April, 2014 respectively at the 34th Annual General Meeting of the Company held on 06th August, 2014.

To broad base and strengthen the Board processes, Mr. Praveen Gupta has been appointed as an Additional Director on the Board of Company at the Board Meeting held on 8th November, 2014. In terms of section 161 of the Companies Act, 2013 Mr. Praveen Gupta holds office only up to the date ensuing Annual General Meeting. The Company has received requisite Notice in writing from a member proposing his name for the office of Director. As he complies with the provisions of section 149(6) and is a professionally qualified person, so he is being recommended for appointment as Independent Director by the Board for a period of five years as mentioned in the Notice of the forthcoming Annual General Meeting.

Pursuant to clause 49 of the Listing Agreement, detail of director retiring and being appointed is given as a part of the Notice of the ensuing Annual General Meeting.

Dr. T. N. Kapoor, a Director of the Company, retire by rotation at the ensuing Annual General Meeting of the Company. Dr. Kapoor has expressed his unwillingness for re-appointment as a director liable to retire by rotation.

Mr. Mannil Venugopalan had resigned from the Company effective from close of office hours on 30.04.2015 due to his re-

location to his home town in Kerala and his resignation was accepted by the Board at their meeting held on 28.05.2015.

The Board of Directors records their appreciation of the good work done by Dr. T. N. Kapoor and Mr. Mannil Venugopalan and acknowledges their contribution to the growth and prosperity of the Company during their tenure as professional Directors.

Mr. Sanjeev Kumar Masown has been designated as Chief Financial Officer of the Company on 27th May, 2014 pursuant to provisions of Section 203 of the Companies Act, 2013.

DEPOSITS

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

1. Deposits Accepted during the year : Rs 3,56,86,000/-
2. Deposits remained unpaid or unclaimed as at the end of the year ; Rs 5,04,000/-
3. Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved ; NIL
4. The details of deposits which are not in compliance with the requirements of Chapter ; NIL

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no significant and material orders passed by the Regulators and Courts that would impact the going concern status of the Company and its future operations.

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

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

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

The Internal Auditors of the company continuously monitors the efficacy of internal controls/ compliance with SOPs with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management, control and governance processes. The scope and authority of the Internal Audit activity are well defined in the Internal Audit scope and guidelines, approved by the Audit Committee. Internal Auditors develops a risk based annual audit plan with inputs from major stake holders, and the major focus areas as per previous audit reports.

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

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

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

CHANGES IN SHARE CAPITAL, IF ANY

During the Financial Year ended on 31st March, 2015, the paid up equity share capital of the Company has been increased from Rs. 9,03,67,200/- to Rs. 9,07,64,700/- pursuant to the allotment of 39,750 equity shares of Rs 120/- (including a premium of Rs. 110/- per share) by exercise of the vested options by eligible employees under KDDL Employee Stock Option Scheme, 2011 of the Company.

The Shareholders at the Extra Ordinary General Meeting of the Company held on 16th April, 2015, have approved the further issue of Equity Shares up to Rs 30 (Thirty Crores) through Qualified Institutional Placement(QIP) in terms of Chapter VIII of SEBI (Issue of Capital and Disclosures Requirement) Regulations, 2009 as amended up to date and the 'In-Principle Approval' for the listing of aforesaid QIP issue has been obtained from BSE Limited vide its letter no.DCS/IPO/NP/24(a)/75/2015-16 dated 20th April, 2015. The aforesaid issue is valid for 12 months and the same is under active consideration of the Board.

Further, the Company has neither issued any shares with differential voting rights nor any Sweat equity shares.

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

Details as required in Rule 12(9) of Companies (Share Capital and Debenture Rules, 2014) and pursuant to clause 12 (Disclosure in the Directors Report) of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are enclosed as a **Annexure-6**

DECLARATION BY INDEPENDENT DIRECTOR

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

The information required under section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 relating to "Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo" is given in the **Annexure - 7** forming an integral part of this Report.

CHANGE IN THE NATURE OF BUSINESS

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

MANAGERIAL REMUNERATION

Statistical Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed with this report as **Annexure -8**.

RECEIPT OF ANY COMMISSION BY MD / WTD FROM A COMPANY OR FOR RECEIPT OF COMMISSION / REMUNERATION FROM ITS HOLDING OR SUBSIDIARY

During the year under review, the Managing Director and Whole time Director neither received any Commission nor any remuneration from the Company or its Subsidiary Companies.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Board of Directors of the Company has adopted Whistle Blower Policy effective from 02nd February, 2015. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All permanent employees of the Company are covered under the Whistle Blower Policy.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases.

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

The Company has been employing about 134 women employees in various fields within the factory premises and offices. The Company has in place an Anti Harassment policy in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. There was no complaint received from any employee during the financial year 2014-15 and hence no complaint is outstanding as on 31st March, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Report on Management Discussion and Analysis, pursuant to Clause 49 of the Listing Agreement is annexed to this report as **Annexure - 9**.

CORPORATE GOVERNANCE

The Company has complied with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with BSE Limited during the year ended on 31st March, 2015 as per Report on Corporate Governance annexed as **Annexure -10** and a Certificate from the Auditors to this effect for the year ended on 31st March, 2015 is also enclosed with this report.

CASH FLOW ANALYSIS

In conformity with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended on 31st March, 2015 forms an integral part of the Financial Statements.

PERSONNEL

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

TRADE RELATIONS

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

(R.K.Saboo)
Chairman

Date :- 28.05.2015
Place :- Chandigarh

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Particulars

Name of the subsidiary	Pylania S.A.	Kamla International Holding AG	Ethos Ltd.	Mahen Distribution Ltd.
	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Reporting period for the subsidiary	3/31/2015	3/31/2015	3/31/2015	3/31/2015
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rs	Rs	Rs	Rs
Share capital	43,648,333	17,876,064	311,314,800	74,812,200
Reserves & surplus	(118,782,426)	8,539,681	53,786,257	(468,786)
Total assets	110,613,996	19,474,637	1,875,304,780	83,478,722
Total Liabilities	185,748,089	-	1,360,119,825	(1,316,981)
Investments	-	-	-	-
Turnover	52,603,866	-	2,816,779,173	18,890,995
Profit before taxation	2,906,593	(382,762)	35,432,202	536,247
Provision for taxation	-	-	10,680,300	-
Profit after taxation	2,906,593	(382,762)	24,751,902	536,247
Proposed Dividend	NIL	NIL	NIL	NIL
% of shareholding	79	100	79	100

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

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

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies And Joint Ventures

Name of Associates/Joint Ventures	Kamla Tesio Dials Ltd.	Satva Jewellery and Design Ltd.
1. Latest audited Balance Sheet Date	3/31/2015	3/31/2015
2. Shares of Associate/ Joint Ventures held by the company on the year end		
No.	300,000	1,500,000
Amount of Investment in Associates/ Joint Ventures	3,000,000	15,000,000
Extent of Holdings %	30%	50%
3. Description of how there is significant influence	Associate	Joint Venture
4. Reason why the associate/ joint venture is not consolidated	N.A.	N.A.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	(591,271)	(3,307,477)
6. Profit/ Loss for the Year	(124,863)	(3,618,991)
i. Considered in Consolidation	(37,405)	(1,809,496)
ii. Not Considered in Consolidation	(87,458)	(1,809,496)

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended ON 31ST March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- L33302HP1981PLC008123
 ii) Registration Date :- 8th January, 1981
 iii) Name of the Company :- **KDDL Limited**
 iv) Category / Sub-Category of the Company : - Public Company(Limited by Shares)
 v) Address of the Registered office and contact details :-

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

- vi) Whether listed company :- Yes
 vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:-

Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032
 Phone No: 9104067161516/1518, Fax: +91-040-23420818 Website: www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1.	Watch Dials and Watch Hands	26521	78.71
2.	Components and Press Tools	26101 & 25933	16.17

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable section
1	Mahen Distribution Limited	U93000CH2009PLC031625	Wholly Owned Subsidiary Company	100.00%	2(87)(ii)
2	Ethos Limited	U52300HP2007PLC030800	Subsidiary Company	79.29%	2(87)(ii)
3	Pylania SA	--	Subsidiary Company	78.70%	2(87)(ii)
4	Kamla International Holding SA	--	Wholly Owned Subsidiary	100%	2(87)(ii)
5	Satva Jewellery and Design Limited	U36911CH2004PLC027767	Joint Venture Company	50%	(2)(6)
6	Kamla Tesio Dials Limited	U33309CH1996PLC018732	Associate Company	30%	(2)(6)

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

i) Category-wise Share Holding (Continued)IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

I Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of A. Total Shares	
Promoters									
(1) Indian									
a) Individual/ HUF	4776981	0	4776981	52.86	4776981	0	4776981	52.63	0.00
b) Central Govt.	0	0	0	0	0	0	0	0	0.00
c) State Govt(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp.	16001	0	16001	0.18	18001	0	18001	0.20	(+) 0.02
e) Banks/FI	0	0	0	0	0	0	0	0	0.00
F) Any Other....	0	0	0	0	0	0	0	0	0.00
Sub- total (A)(1):-	4792982	0	4792982	53.04	4794982	0	4974982	52.83	(-) 0.21
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0.00
b) Other - Individuals	0	0	0	0	0	0	0	0	0.00
c) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
d) Banks / FI	0	0	0	0	0	0	0	0	0.00
e) Any Other....	0	0	0	0	0	0	0	0	0.00
Sub- total (A)(2):-	0	0	0	0	0	0	0	0	0.00
Total shareholding of	4792982	0	4792982	53.04	4794982	0	4794982	52.83	(-) 0.21
Promoter (A) = (A)(1) + (A)(2)									
B. Public shareholding									
1. Institutions									
a) Mutual Funds	0	2900	2900	0.03	0	2900	2900	0.03	0.00
b) Banks / FI	0	50	50	0.00	0	50	50	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	100951	0	100951	1.12	33419	0	33419	0.37	(-)0.75
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	100951	2950	103901	1.15	33419	2950	36369	0.40	(-) 0.75
2. Non Institutions									
a) Bodies Corp.									
i) Indian	1668855	211770	1880625	20.81	981859	161770	1143629	12.60	(-) 8.21
ii) Overseas	352	256666	257018	2.84	352	256666	257018	2.83	(-) 0.01
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1.00 lac	708224	340163	1048387	11.60	1049257	326015	1375272	15.15	(+) 3.55
ii) Individual shareholders holding nominal share capital of Rs.1.00 lac	848765	0	848765	9.39	1354787	0	1354787	14.93	(+) 5.54
c) Others (specify)									
Clearing Members	486	0	486	0.01	7951	0	7951	0.09	(+) 0.08
Non Resident Indians	54506	50	54556	0.60	56412	50	56462	0.62	(+) 0.02
Foreign Collaborators	0	50000	50000	0.55	0	50000	50000	0.55	0.00
Sub-total (B)(2)	3281188	858649	4139837	45.81	3450618	794501	4245119	46.77	(+) 0.96
Total Public Shareholding (B) = (B)(1)+(B)(2)	3382139	861599	4243738	46.96	3484037	797451	4281488	47.17	(+) 0.21
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	8175121	861599	9036720	100.00	8279019	797451	9076470	100.00	0.00

IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i)Category-wise Share Holding (Continued)****ii) Shareholding of Promoters**

Sl. Shareholder's Name change in	Shareholding at the beginning of the year			Shareholding at the end of the year			% age of shareholding during the year
	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered	
1 R.K. Saboo	1862107	20.61	0.00	1862107	20.52	0.00	(-) 0.09
2 Yashovardhan Saboo	1384501	15.32	0.00	1384501	15.25	3.97	(-) 0.07
3 Usha Devi Saboo	436180	4.83	0.00	436180	4.81	0.00	(-) 0.02
4 Anuradha Saboo	308050	3.41	0.00	308050	3.39	0.00	(-) 0.02
5 Pranav Shankar Saboo	170120	1.88	0.00	170120	1.87	0.00	(-) 0.01
6 Satvika Saboo	130121	1.44	0.00	130121	1.43	0.00	(-) 0.01
7 Yashovardhan Saboo	87471	0.97	0.00	87471	0.96	0.00	(-) 0.01
8 Rajendra Kumar Saboo	84532	0.94	0.00	84532	0.93	0.00	(-) 0.01
9 Anuradha Saboo	75977	0.84	0.00	75977	0.84	0.00	0.00
10 Rajendra Kumar Saboo	69820	0.77	0.00	69820	0.77	0.00	0.00
11 Pranav Shankar Saboo	44784	0.50	0.00	44784	0.49	0.00	(-) 0.01
12 Asha Devi Saboo	30925	0.34	0.00	30925	0.34	0.00	0.00
13 Rajendra Kumar Saboo	30800	0.34	0.00	30800	0.34	0.00	0.00
14 Usha Devi Saboo	15000	0.17	0.00	15000	0.17	0.00	0.00
15 Yashovardhan Saboo	22908	0.25	0.00	22908	0.25	0.00	0.00
16 Yashovardhan Saboo	10750	0.12	0.00	10750	0.12	0.00	0.00
17 Rajendra Kumar Saboo	7301	0.08	0.00	7301	0.08	0.00	0.00
18 Satvika Saboo	5634	0.06	0.00	5634	0.06	0.00	0.00
19 Vardhan Properties & Investment Limited	9001	0.10	0.00	9001	0.10	0.00	0.00
20 Dream Digital Technology Limited	7000	0.08	0.00	9000	0.10	0.00	(+) 0.02
Total	4792982	53.04	0.00	4794982	52.83	3.97	(-) 0.21

IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i)Category-wise Share Holding (Continued)****iii) Change in Promoters' Shareholding (please specify, if there is no change)**

	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	%of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
R.K. Saboo	1862107	20.61	1862107	20.61
Yashovardhan Saboo	1384501	15.32	3246608	35.93
Usha Devi Saboo	436180	4.83	3682788	40.76
Anuradha Saboo	308050	3.41	3990838	44.17
Pranav Shankar Saboo	170120	1.88	4160958	46.05
Satvika Saboo	130121	1.44	4291079	47.49
Yashovardhan Saboo	87471	0.97	4378550	48.46
Rajendra Kumar Saboo	84532	0.94	4463082	49.40
Anuradha Saboo	75977	0.84	4539059	50.24
Rajendra Kumar Saboo	69820	0.77	4608879	51.01
Pranav Shankar Saboo	44784	0.50	4653663	51.51
Asha Devi Saboo	30925	0.34	4684588	51.85
Rajendra Kumar Saboo	30800	0.34	4715388	52.19
Usha Devi Saboo	15000	0.17	4730388	52.36
Yashovardhan Saboo	22908	0.25	4753296	52.61
Yashovardhan Saboo	10750	0.12	4764046	52.73
Rajendra Kumar Saboo	7301	0.08	4771347	52.81
Satvika Saboo	5634	0.06	4776981	52.87
Vardhan Properties & Investment Limited	9001	0.10	4785982	52.97
Dream Digital Technology Limited	7000	0.08	4792982	53.04
Date wise Increase/Decrease in Promoter shareholding during the year specifying the reasons for increase/decrease e.g. allotment/transfer/bonus/sweat equity etc.)				
Purchase of shares by Dream Digital Technology Limited in the open market		(+) 2000		(+) 2000
At the end of the year				
R.K. Saboo	1862107	20.52	1862107	20.52
Yashovardhan Saboo	1384501	15.25	3246608	35.77
Usha Devi Saboo	436180	4.81	3682788	40.58
Anuradha Saboo	308050	3.39	3990838	43.97
Pranav Shankar Saboo	170120	1.87	4160958	45.84
Satvika Saboo	130121	1.43	4291079	47.27
Yashovardhan Saboo	87471	0.96	4378550	48.23
Rajendra Kumar Saboo	84532	0.93	4463082	49.16
Anuradha Saboo	75977	0.84	4539059	50.00
Rajendra Kumar Saboo	69820	0.77	4608879	50.77
Pranav Shankar Saboo	44784	0.49	4653663	51.26
Asha Devi Saboo	30925	0.34	4684588	51.60
Rajendra Kumar Saboo	30800	0.34	4715388	51.94
Usha Devi Saboo	15000	0.17	4730388	52.11
Yashovardhan Saboo	22908	0.25	4753296	52.36
Yashovardhan Saboo	10750	0.12	4764046	52.48
Rajendra Kumar Saboo	7301	0.08	4771347	52.56
Satvika Saboo	5634	0.06	4776981	52.62
Vardhan Properties & Investment Limited	9001	0.10	4785982	52.72
Dream Digital Technology Limited	9000	0.10	4794982	52.83

**IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Category-wise Share Holding (Continued)**
iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 shareholders	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year					
1	Anmol Finpro Pvt Ltd	375000	4.15	375000	4.15
2	Asha Mukul Agrawal	368259	4.08	743259	8.23
3	Globe Fincap Limited	310000	3.43	1053259	11.66
4	Param Capital Research Private Limited	305100	3.38	1358359	15.04
5	Quantum Securities Private Limited	210000	2.32	1568359	17.36
6	Kayimo Trading Investment Limited	166666	1.84	1735025	19.2
7	Perfect Homfin Pvt Ltd.	159273	1.76	1894298	20.96
8	Anantroop Financial Advisory Services Private Limited	110500	1.22	2004798	22.18
9	Dipak Kanayalal Shah	107000	1.18	2111798	23.36
10	Mavi Investment Fund Limited	100951	1.12	2212749	24.48
	Date wise Increase/Decrease in top ten shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
	Sale of shares by Param Capital Research Pvt.Ltd.in the open market	(-) 25000		(-) 25000	
	Purchase of shares by Mr. Alok Agarwal in the open market	(+) 148992		(+) 148992	
	Purchase of shares by Striver Capital Advisors Pvt.Ltd. in the open market	(+) 126074		(+) 126074	
	Sale of shares by Dipak Kanayalal Shah in the open market	(-) 7000		(-) 7000	
	Purchase of shares by Pulkit N. Sekhsaria in the open market	(+) 97000		(+) 97000	
	Sale of shares by Anantroop Financial in the open market	(-) 20500		(+) 20500	
At the end of the year					
1	Asha Mukul Agrawal	368259	4.06	368259	4.06
2	Param Capital Research Pvt. Ltd.	280100	3.09	648359	7.15
3	Quantum Securities P. Ltd.	210000	2.31	858359	9.46
4	Kayimo Trading Investment Ltd.	166666	1.84	1025025	11.30
5	Alok Agarwal	148992	1.64	1174017	12.94
6	Striver Capital Advisors Pvt. Ltd.	126074	1.39	1300091	14.33
7	Dipak Kanayalal Shah	100000	1.10	1400091	15.43
8	Pulkit N. Sekhsaria	97000	1.07	1497091	16.50
9	Anantroop Financial Advisory Services Private Limited	90000	0.99	1587091	17.49
10	Kayimo Trading Investment Limited	90000	0.99	1677091	18.48

**IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Category-wise Share Holding (Continued)**
v) Shareholding of Directors and Key Managerial Personnel (KMP):

Sl.No. For each of the Directors & KMP	Shareholding		Cumulative shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
A) Mr. R.K. Saboo (Individually, Jointly and through HUF)	2054560	22.74	2054560	22.74
B) Mr. Yashovardhan Saboo (Individually and through HUF)	1505630	16.66	3560190	39.40
C) Mr. Dinesh Agrawal	33099	0.37	3593289	39.77
D) Mr. Jagesh Khaitan	466	0.01	3593755	39.78
E) Mr. Anil Khanna	3332	0.04	3597087	39.82
F) Mr. Pawan Kumar Goyal	320	0.00	3597407	39.82
Date wise Increase/Decrease in Directors and KMP shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
A) Sale of shares by Mr. Dinesh Agrawal in the open market	(-) 6548		(-) 6548	
B) Purchase of shares by Mr. Anil Khanna in open market	(+) 851		(+) 851	
C) Allotment of shares to Mr. Sanjeev Masown pursuant to exercise of employee stock option under ESOP 2011	(+) 3000		(+) 3000	
D) Sale of shares by Mr. Pawan Kumar Goyal in the open market	(-) 200		(-) 200	
At the end of the year				
A) Mr. R.K. Saboo (Individually, Jointly and through HUF)	2054560	22.64	2054560	22.64
B) Mr. Yashovardhan Saboo (Individually and through HUF)	1505630	16.59	3560190	39.23
C) Mr. Dinesh Agrawal	26551	0.29	3586741	39.52
D) Mr. Jagesh Khaitan	466	0.01	3587207	39.53
E) Mr. Anil Khanna	4183	0.05	3591390	39.58
F) Mr. Sanjeev Kumar Masown	3000	0.03	3594390	39.61
G) Mr. Pawan Kumar Goyal	120	0.00	3594510	39.61

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

Particulars	Secured Loans Inter Corporate Deposit	Unsecured Loan Public Deposit	Deposits	Total Indebtedness
Indebtedness as at the beginning of the Financial Year 1.4.2014				
1 Principal Amount	4307,00,642.00	443,00,000.00	1174,14,000.00	5924,14,642.00
2 Interest Due but not paid				
3 Interest accrued but not due			114,03,775.00	114,03,775.00
Total of (1+2+3)	4307,00,642.00	443,00,000.00	1288,17,775.00	6038,18,417.00
Change in indebtedness during the financial year				
Addition	854,08,758.94		383,86,000.00	1237,94,758.94
Reduction	1077,08,572.70	200,00,000.00	461,73,000.00	1738,81,572.70
Net Change	(222,99,813.76)	(200,00,000.00)	(77,87,000.00)	(500,86,813.76)
Indebtedness as at the end of the Financial Year 31.3.2015				
1 Principal Amount	4084,00,828.24	243,00,000.00	1096,27,000.00	5423,27,828.24
2 Interest Due but not paid	-	-	-	-
3 Interest accrued but not due	-	-	131,91,737.00	131,91,737.00
Total of (1+2+3)	4084,00,828.24	243,00,000.00	1228,18,737.00	5555,19,565.24

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No...	Particulars of the Remuneration	Name of MD/WTD/Manager			Total Amount in Rs.
		Mr. R.K. Saboo	Mr. Yashovardhan Saboo	Mr. Dinesh Agrawal	
1. Gross Salary					
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35,49,406	54,70,141	41,64,829	131,84,376
(b)	Value of perquisites u/s (17 (2) of Income Tax Act, 1961	1,81,396	174,595	32,160	3,88,151
(c)	Profits in lieu of salary under section 17(3) Income-tax of Income Tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	(a) as % of profit	0	0	0	0
	(b) Others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total (A)	37,30,802	56,44,736	41,96,989	1,35,72,527
	Overall Ceilings as per Act	As per Act	As per Act	As per Act	As per Act

B. Remuneration to Other Directors:

Sl. No	Particulars of the Remuneration	Name of Directors							Total Amount
		Mr. Chandra Mohan	Dr. T.N. Kapoor	Mr. Anil Khanna	Mr. Jaigesh Khaitan	Mr. Mannil Venugopalan	Ms. Ranjana Agarwal	Mr. Praveen Gupta	
1	Independent Directors Fees for attending board/ committee meetings Commission Others, please specify Total (1)	125000		145000	165000	70000	90000		595000
2	Other Non Executive Directors Fees for attending board/ committee meetings Commission Others, please specify Total (2) Total (B) = 1 + 2		130000					30000	160000
	Total Managerial Remuneration	125000	130000	145000	165000	70000	90000	30000	755000
	Overall Ceilings	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act

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

Sl. No.	Particulars of the Remuneration Key Managerial Personnel	Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,59,175	45,46,105	60,05,280
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	28,800	28,800
	(c) Profits in lieu of salary under section17(3) Income-tax Act, 1961	Nil		
	Nil			
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	a) as % of profit	Nil	Nil	Nil
	b) Others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	14,59,175	45,74,905	60,34,080

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

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/compounding fees imposed	Authority {RD/NCLT/Court}	Appeal made, if any (Give details)
A. COMPANY					
		Penalty			
		Punishment			
		Compounding			
B. DIRECTORS					
		Penalty	--Not Applicable--		
		Punishment			
		Compounding			
C. OTHER OFFICERS IN DEFAULT					
		Penalty			
		Punishment			
		Compounding			

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

KDDL Limited

(CIN: L33302HP1981PLC008123)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s KDDL Limited**, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable as the company is not registered as Registrars to an Issue and Share Transfer Agents.**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **Not Applicable as the Company is not registered as Registrars to an Issue and Share Transfer Agents;**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable as the company has not delisted its equity shares during the audit period and**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable as the company did not bought back any of its securities during the audit period.**

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not Applicable for the Audit period)
- (ii) The Listing Agreement entered into by the Company with stock exchange. ;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

- Form 5 INV for the year 2014, Form MR-1 for the appointment of Key Managerial Personnel (Managing Director) and Form MGT-14 for filing of resolution relating to the Quarterly Financial Results of December quarter are yet to be filed.
- The dispatch of some notices sent through physical mode for Annual General Meeting held on 06.08.2014 was completed on 15.07.2014.

We further report that we have relied on the representation made by the Company and its officers and quarterly compliance reports by respective department heads / company secretary taken on record by the Board of Director for systems and mechanism formed by the Company for compliances of following other applicable Acts, Laws and Regulations to the Company.

- The Factories Act, 1948 ;
- The Payment of Wages Act, 1936;
- The Payment of Bonus Act, 1965 ;
- The Industrial Disputes Act, 1947 ;
- Employees State Insurance Act, 1948 ;
- The Employees Provident Funds and Miscellaneous Provisions Act, 1952 ;
- The Environment (Protection) Act, 1986;
- The Water (Prevention & Control of Pollution Act, 1974 ;
- The Air (Prevention & Control of Pollution) Act, 1981 ;
- Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 ;

We further report that

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

Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least three days in advance except two urgent meetings which were convened at a shorter notice and were duly attended by at least an Independent Director and there exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there is scope to improve the systems and processes in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

1. The Company has obtained approval of shareholders under section 180 (1) (a) of the Companies Act, 2013 by way of Special Resolution through postal ballot to create mortgage and/or charge on whole or substantially the whole of the Company's undertaking upto an amount of Rs. 150 crores.

2. The Company has obtained approval of shareholders under section 180 (1) (c) of the Companies Act, 2013 by way of Special Resolution for borrowings upto Rs. 100 Crores.
3. The Company has obtained approval shareholders under section 186(2) of the Companies Act, 2013 by way of Special Resolution through postal ballot to grant loans or make investment or provide security or guarantee upto Rs. 125 Crores.3. The Company has obtained approval shareholders under section 186(2) of the Companies Act, 2013 by way of Special Resolution through postal ballot to grant loans or make investment or provide security or guarantee upto Rs. 125 Crores.

Place: - Ludhiana

Date: - 28.5.2015

Signature

Name of Company Secretary in Practice: - P.S. Dua

FCS No. 4552

C P No. 3934

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

Annexure to Secretarial Audit Report

To,

The Members,

KDDL Limited

(CIN: L33302HP1981PLC008123)

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained and relied on the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For P S Dua and Associates

Company Secretaries

Date: Ludhiana

Place:28.05.2015

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

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. There are no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arm's length basis:-

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any.	Justification for entering into such arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
1.	Ethos Limited	Sub-lease Agreement	5 years	Sub-lease agreement with subsidiary company Ethos Limited for the use and occupation of premises situated at Kamla Centre, SCO 88-89, Sector 8 C, Chandigarh at a monthly rent of Rs.50,000/-.	For official and administrative use purposes by Ethos Limited	27/05/2014	NIL	NA
		Sub-lease Agreement	1 year and 6 months	Sub-lease agreement with subsidiary company Ethos Limited for the use and occupation of premises situated at Plot No. 25/1, Industrial Area, Phase II, Chandigarh at a monthly rent of Rs.60,000/-.	For official and administrative use purposes and marketing activities by Ethos Limited	27/05/2014	Nil	Nil
2.	Mr.Y. Saboo	Renewal of lease agreement	3 years	Renewal of lease agreement entered into between the the Company and Mr. Yashovardhan Saboo for Delhi at a monthly rent of Rs. 1,33,100/- on the same terms and conditions	For official use purposes	06.08.2014	Nil	Not applicable
3.	IDBI Bank Limited	Corporate Gurantee	1 year	Rs. Five Crores for enhancement of additional Working Capital Facilities of the subsidiary company Ethos Limited	For enabling subsidiary company to avail additional working capital facilities	21.10.2014	Nil	28/08/2014
4.	Bank of Maharashtra	Corporate Guarantee	1 year	Rs. Eight crores for additional Working Capital Facilities for subsidiary Company Ethos Limited	For enabling subsidiary company to avail additional Working Capital facilities	05/02/2014	Nil	06/08/2014

2. Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arms length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contacts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or	Date(s) of approval by the Board, transactions including the value, if any.	Amount paid as advances, if any.
1.	Saboo Coatings Limited	Business transactions (like sales, purchase/ leasing/ transactions etc. (Entity over which significant influence is exercised by the KMP/Promotor Directors	Transactions in the normal of course of business	Rs. 43.12 lacs	Not required	Nil
2.	Pylania SA (Subsidiary Company)	Business transactions (like sales, purchase/ leasing/services etc.)	Transactions in the normal course of business	Rs.371.75 lacs	Not required	Nil.
3.	Ethos Limited	Business transactions (like sales, purchase/ leasing/services etc.)	Transactions in the normal course of business	Rs. 86.78 lacs	Not required	Nil
4.	Kamla Tesio Dials Limited	Business transactions (Like sales, purchase/ leasing/services etc.)	Transactions in the normal course of business	Rs.8.34 lacs	Not Required	Nil
5.	Satva Jewellery & Design Limited	Rent paid for Machinery	Transactions in the normal course of business	Rs.12.58 lacs	Not required	Nil
6.	Dream Digital Technology Limited	Business transactions (like Sales, purchase/ leasing/services etc.)	Transactions in the normal course of business	Rs.35.29 lacs	Not required	Nil
7.	Vardhan Properties and Investment Limited	Business transactions (like, sales, purchase/ leasing/services etc.)	Transactions in the normal course of business	Rs.1.44 lacs	Not required	Nil
8.	VBL Innovations Private Limited	Business transactions (like sales, purchase/ leasing/services etc.)	Transactions in the normal course of business	Rs.2.93 lacs	Not required	Nil
9.	Mr.R.K. Saboo	Rent paid for property	5 year	Rs.3.21 lacs	Existing contract	Nil
10.	Mr. Y. Saboo	Rent paid for property	5 years	Rs.0.97 lac	Existing contract	Nil
11.	Ms. Anuradha Saboo	Rent paid for property	5 year	Rs.1.60 lacs	Existing contract	Nil
12.	Usha Saboo	Rent paid for property	5 years	Rs.0.64 lac	Existing contract	Nil
13.	Ms. Malvika Singh	Salary paid to relatives	1 years	Rs.6.43 lacs	Existing contract	Nil

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2014-15

(As per performa given in the Rules to the Companies (CSR Policy)Rules,2014)

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

The Company undertakes and/or supports various activities/projects as notified by the Ministry of Corporate Affairs from time to time. The Company undertakes CSR Activities directly or indirectly through a registered trust or society or any company established under Section 8 of the Act for CSR objectives. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web-link of the same is http://www.kamladials.com/html/csr_policy.html

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

Mr. R.K. Saboo	Executive Director	Chairman
Mr. Yashovardhan Saboo	Executive Director	Member
Mrs. Ranjana Agarwal	Independent Director	Member
Mr. Jagesh Khaitan	Independent Director	Member
Mr. Chandra Mohan	Independent Director	Member

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

For the year ended on 31st March, 2014	:	Rs. 679.67
For the year ended on 31st March, 2013	:	Rs. 58.09
For the year ended on 31st March, 2012	:	Rs. 1541.07
Average net profits	:	Rs. 759.61

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

Rs. 15.19 lacs (being 2% of the average net profits as stated at item 3 above)

5. Details of CSR spent during the financial year

- (a) Total amount to be spent for the financial year Rs.15.19 lacs
- (b) Amount unspent, if any Nil
- (c) Manner in which the amount spent during the financial year is detailed below:-

(1) (2)	(3)	(4)	(5)	(6)	(7)	(8)
S. CSR project No. or activity identified	Sector in which the project is covered	Projects or programs (1) local area or other (2) Specify the State and district where programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Sub heads: (1) Direct expenditure on projects or or programs (2) overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1. Construction of Toilet Blocks for boys and girls with the facility of Tube-well to ensure a permanent supply of water at two Elementary Schools at Mirpur and Mubarakpur at Derabassi (Punjab). Company to undertake maintenance contract for first six months	Sanitary and Hygiene	Mirpur and Mubarakpur at Punjab	Rs.9.77 lacs	Directly implemented Status Toilets ready for handover to schools. Total six toilets with Urinals area for boys and girls + drinking water facilities in both the schools	Rs.9.77 lacs	Directly implemented
2. Construction of toilets in a government school at Bangalore.	Sanitary and Hygiene	Bangalore	Rs. 6.32 lacs	Directly implemented. Status: Toilets almost ready for handover to schools. Total six toilets with Urinals area for boys and girls	Rs.16.09 lacs	Directly implemented
3. Education of girl child by sponsoring five Learning Centres (Educating 30 girls per learning centre) for the entire year across various locations in India	Promotion of Education and Women empowerment	Across various locations in India	Rs. 4.50 lacs for 5 (five) learning Centres @ Rs. 90,000 per Learning Centre per year	Through implementation Agency IIMPACT , M 2/3, GroundFloor, DLF Phase 2,Gurgaon 122002	Rs.20.59 lacs	Through implementation agency: IIMPACT M 2/3, Ground Floor, DLF Phase 2, Gurgaon122002
4. Education of 18 (eighteen) under-privileged children through "Mission Education programme" run by Smile Foundation, New Delhi for one year	Promotion of Education	Across various location in India	Rs.1.10 lacs	Through implementation agency: Smile Foundation , V-11, Level-1, Green Extension, New Delhi-110016	Rs. 21.69 lacs	Through implementation agency: Smile Foundation , 11 level-1, Green Extension, New

The Company has spent a cumulative amount of Rs. 21.69 Lacs against the stipulated CSR amount of Rs. 15.19 Lacs.

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

Not applicable

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

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

Sd/-
(R.K.Saboo)
Chairman CSR Committee

Sd/-
(Yashovardhan Saboo)
Managing Director

Annexure - '6' to the Directors' Report

A. Summary of Status of ESOPs granted

The position of the existing scheme is summarized as under:

S. No.	Particulars	Details
1.	Details of the meeting	Authorized by the shareholders of the Company on September 15, 2011.
2.	Approved limit	Upto 1,10,000 stock options in aggregate
3.	The Pricing Formula	Exercise Price is Rs 120/- per option.
4.	Options granted	84,000
5.	Options vested and exercisable	0
6.	Options exercised	39,750
7.	Options cancelled	0
8.	Options lapsed	4,500
9.	Total number of options in force	39,750
10.	Variation in terms of ESOP	Not Applicable
11.	Total number of shares arising as a result of exercise of options	39,750
12.	Money realized by exercise of options	Rs. 47.70 Lacs

B. Employee-wise details of options granted during the financial year 2014-15 to:

(i)	Senior managerial personnel	None
(ii)	Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	None
(iii)	Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None

C. Weighted average Fair Value of Options granted during the year whose

(a)	Exercise price equals market price	61.05
(b)	Exercise price is greater than market price	No
(c)	Exercise price is less than market price	Yes

Weighted average Exercise price of Options granted during the year whose

(a)	Exercise price equals market price	120/-
(b)	Exercise price is greater than market price	NIL
(c)	Exercise price is less than market price	NIL

D. The stock based compensation cost calculated as per the intrinsic value method for the financial year 2014-15 is Rs 76737/-. If the stock based compensation cost was calculated as per the fair value method, the total cost to be recognized in the financial statements for the year 2014-15 would be Rs 397692/-. Had the Company adopted the fair value method, net profit after tax would have been lower by Rs 3,20,955/- for the financial year 2014-15.

The effect of adopting the fair value method on earnings per share is presented below:		In Rs.
Earnings Per Share: Basic		
-	As reported	7.19
-	Adjusted Proforma	7.16
Earnings Per Share: Diluted		
-	As reported	7.18
-	Adjusted Proforma	7.15

Annexure - '7' to the Directors' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO THE PROVISIONS OF SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014:**A. CONSERVATION OF ENERGY :**

- a) **Steps taken for conservation:** The Company continues to give high priority to conservation of energy on an on-going basis. A few significant measures taken are:
- I) Periodical and preventive maintenance of electric equipments and ensured optimum utilization of electric energy.
- II) Phased balancing of heating and lighting load.
- III) Increase in power factor by installing capacitor at the individual machines.
- b) **Steps taken for utilizing alternate sources of energy :-**
Cost of power is negligible in total cost of production.
- c) **Capital investment on energy conservation equipments:-**
Further energy conservation is planned through replacement of and modification of inefficient equipments and by providing automatic controls to reduce idle running of equipments.

B. TECHNOLOGY ABSORPTION:**Efforts made for technology absorption****1. Research and Development (R & D):**

- a) **Specific areas on which R & D carried on by the Company:** Research and Development has been carried out for quality improvement, new product developments and productivity improvement.
- b) **Benefits derived as a result of the above R & D:** Increase in overall efficiency, productivity and quality of outgoing product and a wider range of watch components along with incremental business from customers
- c) **Future plan of action:** Further improvement in production processes, to develop new dial finishes, new types of index, development of tools and components and reduction of costs would continue.
- d) **Expenditure on R&D:** No separate account is being maintained by the company for the expenditure incurred on R&D. However, the Company is incurring recurring expenditure towards development activities.

2. Technology Absorption, Adaptation & Innovation :

Efforts, in brief, made towards technology absorption, adaptation and innovation: The Company is constantly engaged in in-house R&D and is in constant touch with the new technologies.

Benefits derived as a result of the above efforts: Due to continuous developmental efforts, the Company has been able to produce much more complicated dials which were being imported until now.

3. i) **Technology imported:** None after 1995.
- ii) **Year of Import:** N.A.
- iii) **Has technology been fully absorbed? :** Yes.
- iv) **If not absorbed, area where this has not taken place, reasons thereof and future plans of action:** N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO**(Rupees in Millions)
2014-15**

Foreign Exchange earnings	Rs . 796.63
Foreign Exchange outgo	Rs . 64.18

For & on behalf of the Board

Date : 28.05.2015
Place : Chandigarh

R. K. SABOO
Chairman

Particulars of Employees

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S.No.	Requirements of Rule 5(1)	Details		
(I)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Mr. R.K.Saboo		18.5 : 1
		Mr. Y.Saboo		28 : 1
		Mr. Dinesh Agrawal		20.8 : 1
(ii)	The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive or Manager, if any, in the Financial year;	Name	As per Payout	As per terms
		Mr. R.K.Saboo	16%	16%
		Mr. Y.Saboo	13%	29%
		Mr. Dinesh Agrawal	31%	6%
		Mr. Sanjeev Masown	37%	11%
		Mr. P.K.Goyal	25%	12%
		The difference in Terms of appointment and actual payout is due to variable component, which is linked to performance of individual and company. As the performance of company improved during 2014-15 compared to 2013-14, payout increase is appearing as higher percentage compared to previous year.		
(iii)	The percentage increase in the median remuneration; of employees in the financial year	14%		
(iv)	The number of permanent employees on the rolls of company;	1001 employees as on 31.03.2015		
(v)	The explanation on the relationship between average increase in remuneration and company performance;	The Company's overall revenue increased by 14% during the year while the increase in median remuneration was 14% only.		
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	Remuneration of the Key managerial personnel is in line with the performance of the company and individual.		
(vii)	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies and in case of unlisted companies , the variations in the net worth of the Company as at the close of the current financial year and previous financial year.	Details	31.03.2015	31.03.2014
		Market Capitalization	Rs. 282 Cr	Rs. 67 Cr.
		Share Price-BSE	Rs. 311	Rs. 74
		EPS	Rs.7.35	Rs.5.34
		Net worth	Rs. 52.5 Cr	Rs. 49.3 Cr

S.No.Requirements of Rule 5(1)	Details
(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average Salary increase of non-managerial employees is 13.8% Average salary increase of managerial employees is 14.7% There are no exceptional circumstances in increase in managerial remuneration.
(ix) Comparison of each remuneration of the Key Managerial	The increase in remuneration of Key Managerial Personnel is in line with the performance of Company, agreed parameters for variables incentive and the industry standards.
(x) The parameters for any variable component of remuneration availed by the directors;	All employees including the Managing Director's entitlement to incentive which is based on the individual's performance and Company's financial performance. Other components of remuneration are not variable during a particular year
(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	The Managing Director is the highest paid director. No Employee received remuneration higher than the Managing Director.
(xii) Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year is as per the Remuneration Policy of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Global Economy

The global economy continues to struggle as developed countries are grappling with global financial crisis and emerging countries are unable to keep growth momentum. After rising marginally in 2014 to 2.6%, world GDP will grow by an estimated 3.0% in 2015 and 3.3% in 2016, supported by gradual recovery in high-income countries, low oil prices and receding domestic headwinds in developing countries.

Developing countries continue to face significant policy hurdles in an environment of weak global growth and considerable uncertainty. These countries are also likely to be impacted by monetary policy of developed countries like USA, Euro and Japan.

Indian Economy

The stable government at Centre has created a promising environment and the industry is eagerly waiting for the bold policy decisions and implementation of the plans for revival of manufacturing and general climate for investment. The subdued prices of oil globally is helping the central government in restricting inflation and provides more room for fiscal consolidation. On account of increased economic activity and greater stability, The World Bank projects India's GDP to expand to 7.5% per cent in the current fiscal of 2015-16.

As mentioned in the last Union Budget, government is keen to introduce GST from April 2016, which is likely to get delayed. However, the silver lining is that the debate over GST has moved from "why" to "when". GST, in particular, will be a positive initiative for the Company, it being engaged in importing of luxury watches for its retail business.

This year also witnessed un-pegging of Swiss Francs against Euro, after Swiss National Bank abandoned its three-year old cap at 1.20 Swiss francs per euro. Immediately after this event, the currency underwent dramatic volatility, appreciating by 30%, to touch 0.8052 francs per euro. However, over next few weeks, it settled by appreciating approximately 3%-5%.

Swiss Watch Industry

The Swiss Watch industry maintained its growth rate at 1.9%, same as in 2013, with exports worth 22.2 billion francs in the year 2014. This year again, the watch industry witnessed consolidation, while its biggest importing markets, Hong Kong remained stagnant and China markets declined by 3% over 2013. Overall, during the year, Switzerland exported 28.6 million watches in 2014, i.e almost half-million more than in 2013.

While the outlook is decidedly weak on Chinese markets, newer markets, in particular, India and Indonesia are expected to develop interesting opportunities for the industry, with European and US markets strengthening.

Main watch exporting countries (Direct Exports)

Countries	Units in Million	Change in %
China	669.0	+5.5%
Hong Kong	315.1	-4.9%
Switzerland	28.6	+1.7%
Germany	21.2	+8.6%
USA	9.7	+4.9%
France	6.8	-2.4%

China exported 669 million pieces of watches in 2014, growth of 5.5% over previous year. On the other hand, Hong Kong export declined by 4.9% to 315.1 million pieces. Volumes wise, Switzerland maintained its third position with exports of 28.6 million watches in 2014, growth of 1.7% over previous year.

Product Innovation continues to be in focus. Launch of Apple's i-watch is expected to be the next big thing in the watch industry. Although few believe that it will destabilize the Swiss Watch markets. Industry experts as well as the Company believes that the introduction of this product will induct new customers, will bring along new tech-frenzied generation under its purview and in the long term, expand the market.

Indian Watch Market

The Indian Luxury watch market is evolving with its consumer base expanding with the nouveau riche generation and fast growing professionals as well as the aspiring youth joining the league. This change is seen largely due to visibility, accessibility and availability of luxury brands in the country, lifestyle standards and increase in high disposable income.

Indian market is becoming a focus area for major luxury watch brands across globe, given its huge growth potential. Luxury brands that are already present in the country, are allocating more resources towards brand building initiatives. Others are planning an entry to this large future market.

BUSINESS OVERVIEW

SEGMENT-WISE PERFORMANCE

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

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

Turnover

The turnover of the company maintained the momentum of revenue growth and during the year witnessed a growth of 13%, as compared to growth of 17% during the last year. Primarily the growth in revenue was due to improved market conditions in the domestic watch industry and steady growth in Swiss market, structured marketing efforts for increasing presence in the precision stamped components market. The growth in turnover from exports and domestic market was 13% and 12% respectively.

The watch components business of domestic market registered a healthy growth of 21%, in value terms compared to previous year, showing improved market conditions after last year recessionary trend. On the other hand, exports value of watch components business has improved by 9% due to steady growth in Swiss market. Other manufacturing businesses of the Company witnessed growth of 15% compared to growth of 4% in previous year on account of increased turnover from Company's EIGEN precision engineering business.

The Company's overall strategy is to continue focus on increasing exports of watch components to Swiss market and to accelerate the growth of Precision Engineering business by increasing marketing efforts for export to European and US markets.

Watch Components

During the year, dials units of the company located at Parwanoo and Baddi (H.P) and Derabassi (Punjab) increased its capacity utilisations due to improved market conditions in the domestic market and sustenance of the growth in Swiss Exports market. The overall revenue of Dial units increased by 9% compared to a growth of 20% in previous year. The major growth in Dial units was from domestic market, which witnessed a growth of 20% compared to previous year decline of 12%. The Watch Hands Units of the Company located at Bangalore registered a growth in revenue of 18% compared to growth of 30% in the previous year. The revenue of the company from Watch Hands increased from domestic and exports markets by 23% and 15% respectively.

Precision Engineering Components

Our precision components manufacturing unit at Bangalore witnessed growth in turnover of 27% compared to a growth of 4% in the previous year. The additional turnover of the unit was primarily from increased direct and indirect exports. The year on year growth in revenue from exports was 56%. During the year, company had initiated various efforts for increasing its presence and reach with the potential customer segments.

Other Businesses

The another business of the Company relates to manufacture of Packaging for the Ornamental Jewellery, Watches, Writing Instruments and other accessories. The revenue of the Company from this business declined by 11% compared to a growth of 3% in the previous year. The major reason for decline in revenue was slow down in the market demand for the Jewellery Packaging and Writing Instruments market.

Retail Business Segment

The Company recorded a profit before tax of Rs. 3.54 Crores in the year compared to Rs. 1.66 Crores in the previous year. This is a growth of 114%. The profit after tax for the year is 2.36 Crores compared to Rs. 2.18 Crores in the previous year. This is the 5th consecutive year that the Company has reported a profit. The Company has completely wiped out the losses accumulated in the initial years of its operations.

The EBITDA recorded by the Company in the year is Rs. 14.42 Crores, which is a growth of 60% over the previous year. Further, this is 5.1% of the Net sales of the year, compared to 4.1% in the previous year.

The improvement in profitability has been mainly because the Company has adopted the improvement in EBITDA margin as a key focus area. As part of this focus, the Company is implementing a "click-and-mortar" strategy. The Company allocated greater resources to its online initiative and is now effectively able to transcend the limitations of presence at its stores to all over India, without incurring additional overheads by adding physical stores. In addition to this, the Company has shut down 5 non-profitable stores and added 6 new stores that have much greater potential. The resulting operating leverage from these measures has improved the profitability of the Company, and will continue to do so in the future.

During the course of the year, Ethos Limited continued its topline growth. The company's billings grew from Rs. 247 crores in FY13-14 to Rs 316 crores in FY14-15, a growth of approximately 28%. The growth in billings has been achieved on the back of healthy like-to-like growth of billings at store level at 13%.

STRATEGIC INITIATIVES AND BUSINESS OUTLOOK

The financial year 2014-15 commenced with better market conditions both from the Domestic and Exports segments and the improved order position of the Company. The efforts of the Company in previous year for consolidation and restructuring of the Dial manufacturing facilities and realignment of the efforts for increasing market presence in engineering business helped the Company in improving its operational and financial performance. The quarterly revenue from exports varied with the currency fluctuations but overall during the year, the average realisations were uniform.

During the year, Company has increased its efforts for enhancing the growth of the Precision Stamped Components and Progressive tooling by structured marketing efforts for extending the customer reach and improving the flow of initial queries and conversion to orders. The Company efforts are yielding positive results and there is an improvement in the flow of request for quotations (RFQ) and initial queries from various potential customers across the globe. Company has enhanced its presence by participating in various trade shows, extension offices for key focus countries and improving the visibility by show casing the technical capabilities of the unit. In addition to this, the unit continues to focus on improving the internal efficiencies by improving manpower productivity, overall equipment effectiveness (OEE), machines and tools efficiency through structured processes of enhancing skills, quality of machines and tools. The Company continues to view precision engineering business as major growth drivers in the coming years.

The Packaging business of the Company continues its struggle for growth and profitability. The fluctuating order inflows, quality of customers, and high cost of conversion is a major cause of concern. During the year, Company focussed on improving the average price realisations by adding long series customers for the writing instruments market and also approaching the customers from international market especially Dubai. The depressing business environment of low order position necessitated curtailing the capacity of the unit, consolidation of capacity, manpower rationalisation and restricting overheads. The management had taken necessary steps and initiatives for reviving the business with a lower overhead structure.

During the year, the website of Company www.ethoswatches.com, was utilised to the maximum potential for enhancing the online leads and conversion. This platform continues to be used by our subsidiary, Ethos Limited and the company continues to explore other avenues for extending this platform for other lifestyle products and brands.

During the year, Company has extended the SAP tools for many additional processes for improving internal controls and efficiencies and are being utilised for optimizing the processes and eliminating non value added activities.

BUSINESS PERFORMANCE REVIEW AND OUTLOOK

Revenue

The gross operating income of the Company improved from Rs. 1155 million to Rs. 1310 million, an increase of 13% over the previous year. The turnover of the Company in every quarter was better than corresponding quarter of previous year. The revenues were higher due to improved market conditions and the structured focus and efforts of the company to manufacture and supply high value quality products, both in domestic and export markets. The watch segment gross operating income improved from Rs. 852 Million to 958 Million, registering a growth of 12%. The other segment's revenue increased from Rs. 223 Million to Rs. 250 Million, registering a growth of 12%. The domestic sale of the company improved from Rs. 385 Million to Rs. 434 Million representing a growth of 13%, where as the export revenue improved from Rs. 691 Million to Rs. 775 Million registering a handsome growth of 12% which establishes the confidence and trust of the customers in the export markets.

Margins

During the year the margins of the Company improved compared to the financial performance of the previous year due to improved market conditions and healthy growth in turnover.

The earnings before interest, depreciation, taxes and appropriations improved from Rs. 214 million to Rs. 260 million, improvement of almost 21% over the previous year. The operating EBIDTA earning after eliminating the exceptional and abnormal cost improved to 20.5% from 18.7% achieved in previous year.

Shareholders' Funds

The company's reserves improved from Rs. 402 million as on 31st March 2014 to Rs. 434 million as on 31st March 2015, on account of improved financial performance and margins. The above mentioned reserves are after accounting for additional depreciation of Rs. 157 million (Net of Deferred Tax Impact of Rs.83 Million) due to change in depreciation guidelines as per Companies Act, 2013.

Loan Funds and Cost of Debt

The cost of funds as a percentage to total revenue decreased substantially from 5.9% to 5.1% in 2014-15. During the year, interest rates in the financial market continued to remain high; this also affected the borrowing costs of the company. The overall simple average cost of debt decreased to 12% from 12.2% during the previous year.

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

Fixed Assets

Gross Fixed Assets of the Company including Capital work in progress during the year increased from Rs. 1138 million to Rs. 1203 million on account of normal capital expenditure in the different units for increasing productivity, new product developments and addition of other assets for quality, safety, Information Technology and administrative functions.

Subsidiary Companies and Joint Ventures

Ethos Limited:

The Company recorded a profit before tax of Rs. 3.54 Crores in the year compared to Rs. 1.66 Crores in the previous year. This is a growth of 114%. The profit after tax for the year is Rs. 2.36 Crores as compared to Rs. 2.18 Crores in the previous year. This is the 5th consecutive year that the Company has reported a profit. The Company has completely wiped out the losses accumulated in the initial years of its operations.

The EBIDTA recorded by the Company in the year is Rs. 14.42 Crores, which is a growth of 60% over the previous year. Further, this is 5.1% of the Net sales of the year, compared to 4.1% in the previous year.

The improvement in profitability has been mainly because the Company has adopted the improvement in EBIDTA margin as a key focus area. As a part of this focus, the Company is implementing a "click-and-mortar" strategy. The Company allocated greater resources to its online initiative and is now effectively able to transcend the limitations of presence at its stores to all over India, without incurring additional overheads by adding physical stores. In addition to this, the Company has shut down 5 (Five) non-profitable stores and added 6 (Six) new stores that have much greater potential. The resulting operating leverage from these measures has improved the profitability of the Company, and will continue to do so in future.

Future Prospects including constraints due to Government Policies

The market for luxury watches is expected to continue show healthy growth. The penetration of watches in India, especially luxury watches, continues to be amongst the lowest in the world, despite having grown considerably over the past few years. With higher disposable incomes and greater awareness of brands, the penetration is expected to increase steadily. In addition to this, the changing consumer behavior and a greater acceptance of purchasing through online media for high ticket items provide a very large opportunity for the Company.

The proposed increase in the Service tax rates from 12.36% to 14% will have a slight negative impact on the financials of the Company. However, the introduction of GST will have a very healthy impact on the Company. The Company has a pan India presence but archaic laws make it very difficult and expensive to leverage this presence. In addition, the levy of multiple taxes, especially customs, service tax, sales tax, etc. has an impact on the profitability of the Company. The introduction of GST will not just lead to administrative ease for serving customers across geographies, it will also have direct positive impact on the profitability of the Company.

Pylania SA

The manufacturing of watch dials business of Pylania SA was suspended during the year 2013 due to decline in orders and deferment in new products development by major watch brands in Switzerland. The management of Pylania SA had taken various steps for restricting the continual losses by downsizing the operations to curtail cost and meet financial obligations of all stakeholders. The Company's revenue is primarily from trading activities, consultancy and managerial services and leasing of available resources.

During the last year, post consensus for "SWISS ORIGIN" regulations for horology industry between the Swiss parliament and Swiss Watch Federation, detailed guidelines are being evolved and time lines for implementation are under discussion. More clarity on these regulations and guidelines for implementations will be available in due course. The implementation of the new legislation will help in further reviving the Swiss manufacturing of watch components in Pylania SA in the coming years.

During the year, the revenue of the Company improved from CHF 615 K to CHF 791 K, improvement of 29% over previous year. The Company financial profitability also improved to CHF 44 K compared to a profit of CHF 7 K during the year 2013-14. The improved profitability was made possible by the efforts of the Company in generating revenue from other business streams, offering services to other clients and controlling expenses.

The Board and Shareholders of the Company are confident that the revenue and profitability of the business will grow in the coming years.

Satva Jewellery and Design Limited

This is joint venture Company with 50:50 ownership between KDDL and Pascal Vaucher Holding, SA of Switzerland in the field of Jewellery setting. During the year, the operations of the company remained suspended as no orders were received from the JV partner. The company is exploring all available options acceptable to both the joint venture partners for recovery / restructuring of the business. KDDL is also working on alternatives for effective utilization of the assets of this joint venture company. The non cooperation of the other joint venture partners is delaying any final resolution for the Company.

HUMAN RESOURCE MANAGEMENT

The skills and capabilities of our team remain our most valuable asset. KDDL seeks to attract and retain the best talent available. Human Resource Management incorporates a process driven approach that invests regularly in the training and development needs of employees through succession planning, job rotation, on the job training and extensive training workshops and programs.

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

During the year, the Company held various employee engagement programs in order to bolster employee morale, inculcate a feeling of team work and camaraderie, and create a mechanism to recognize individual and team contributions to the organizations. Programs such as Chairman's Annual Awards and Star Performer Awards recognize and reward individual and team achievements across the Saboo Business Group. The total number of employees of the Company was over 1100 during the year under review.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

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

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

RISKS, THREATS AND CONCERNS

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

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

Risks of General Nature

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

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

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

Specific Risks

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

Risks due to decline in overall demand for watches:

While we remain confident of a steady growth in the demand of watches in India and China over the next 10-15 years, we are aware of the decline of the watch as a time keeping instrument. At the same time, we see an evident increase in the watch becoming an important fashion accessory and also as an activity monitoring cum communicating instrument. The risk of such decline in the functional value of a watch is mitigated by positioning ourselves to better serve the watch as a fashion and wearable technology.

Risks pertaining to over dependence on few companies:

The Company has enjoyed a close and mutually beneficial association with several leaders in the watch business most notably Titan, Timex in India and the Swatch Group and many of the other leading brands in Switzerland. This inevitably has led to a substantial part of the Company's business being related to these groups.

Notwithstanding the strong standing of these companies and our Company's enduring relationship with them, we recognize that broad-basing our customer base and brand partner base is a priority to mitigate any inherent risk from over-dependence on any specific partner.

Risks related to over dependence on one business:

The Company is structurally focussing on increasing the revenue from other manufacturing business streams and strategically enhancing the growth of these segments, which will help in off-setting the over dependence on the watch segment.

Foreign Exchange Risks:

Around 65% of the Company's manufacturing turnover comes from exports, denominated in Swiss Francs and US Dollars. The fall and rise in these currencies can seriously impact the working of the Company in the short and medium term. In the current year, the fall in the value of these currencies will have a significant impact on the export earnings in Rupee terms and thereby on the profitability of the Company. This risk is mitigated with several measures which include:

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

Risk related to Personnel:

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

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement entered into with the BSE Limited)

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

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

The Board of Directors of the Company has an optimum combination of executive and non-executive directors. The Board of Directors presently comprises of 9 (nine) members including 3 (three) Whole-Time directors, i.e., the Chairman, the Vice Chairman-cum-Chief Executive Officer and the Chief Operating Officer. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

During the financial year ended on 31st March 2015, 8 (Eight) Board Meetings were held and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

12th May, 2014	6th August, 2014	08th Nov., 2014	17th Feb., 2015
27th May, 2014	21st Oct., 2014	02nd Feb., 2015	14th March, 2015

The following table gives the composition and category of the Directors, their attendance at the Board meetings held during the year and at the last Annual General meeting, number of other boards or board committees in which he/she is a member or chairperson:-

Name of the Director	Business Relationship	Category of Directorship No. of	No. of Board Meetings attended	Attendance at the last AGM held on 06.082014	No. of Directorships in other public Limited Companies	No. of mandatory Committee positions held in other Companies	
						Chairman	Member
Mr. R.K. Saboo	Chairman	Promoter-Executive	5	Yes	2	-	-
Mr. Yashovardhan Saboo	Chief Executive Officer (CEO)	Promoter-Executive	8	Yes	8	1	3
Mr. Dinesh Agrawal	Chief Operating Officer (COO)	Executive	7	Yes	3	-	-
Dr. T.N. Kapoor	Director	Non-Independent Non Executive	6	Yes	4	4	5
Mr. Jagesh Khaitan	Director	Independent-Non Executive	8	Yes	2	-	2
Mr. Anil Khanna	Director	Independent-Non Executive	7	Yes	1	1	1
Mr. Chandra Mohan	Director	Independent-Non Executive	7	No	6	-	4
Ms. Ranjana Agarwal	Director	Independent-Non Executive	5	Yes	2	1	2
Mr. Praveen Gupta	Additional Director	Professional	2	No	1	-	-
Mr. Mannil Venugopalan**	Director	Independent-Non-Executive	4	Yes	-	-	-

* includes only the membership of Audit Committee, Nomination & Remuneration Committee and Stakeholder's Relationship Committee to comply as per Clause 49 of Listing Agreement.

Since the Chairman of the Board is an Executive Chairman, the Board of Directors comprises of more than 50% of Directors who are Independent.

As per requirement of clause 49, the company has adopted a familiarization programme for the Independent Directors which has been displayed on the website of the Company under the following web link:<http://www.kamladials.com/html/familiarization-programme-for-the-Independent-Directors.html>

Notes:

"During the year, Mr. Praveen Gupta was appointed as an Additional Director in the Board meeting held on 9th September, 2013.

***Mr. Mannil Venugopalan has resigned from the directorship of the Company w.e.f. 30th April, 2015 and the Board of Directors has accepted his resignation in its meeting held on 28th May, 2015.

III. COMMITTEES OF BOARD

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



*Mr. Mannil Venugopalan resigned from the directorship of the Company w.e.f. 30th April, 2015. Therefore, he ceases to be the member of the committee.

1. AUDIT COMMITTEE

The scope of activities of the Audit Committee are as set out in Clause 49 of the Listing Agreement with the BSE Limited read with Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are broadly as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management

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

During the financial year ended on 31st March 2015, 5 (Five) meetings of the Audit Committee were held. The dates on which the meetings of the Audit Committee were held, are as under:

27th May, 2014	8th November, 2014
6th August, 2014	2nd February, 2015
21st October, 2014	

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

Attendance of Members at Meetings of the Audit Committee			
Name of the Director	Category	Designation	Meetings attended
Mr. Jagesh Khaitan	Independent Non Executive	Chairman	5
Mr. R.K. Saboo	Promoter Executive	Member	4
Dr. T.N. Kapoor	Non Independent Non Executive	Member	5
Mr. Anil Khanna	Independent Non Executive	Member	5
Mr. Mannil Venugopalan*	Independent Non Executive	Member	3
Mrs. Ranjana Agarwal	Independent Non Executive	Member	3
Mr. Chandra Mohan	Independent Non Executive	Member	1

*Mr. Mannil Venugopalan resigned from the directorship of the Company w.e.f. 30th April, 2015.

The Audit Committee invites such Executives as it considers appropriate to be present at its meetings. The Chief Financial Officer and Company Secretary attended all the meetings. The Statutory Auditors are invited to the meetings in which Quarterly/Annual Accounts are considered. The Internal Auditors are also invited to the meetings in which Internal Audit Reports are discussed. The Company Secretary acts as the Secretary of the Committee.

2. NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and Remuneration committee as set out in Clause 49 of the Listing Agreement and additional scope approved by the Board, inter-alia, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
5. Assessing and reviewing the performance of Senior/Top Management Employees of the Company and recommend their remuneration package as per Policy of the Company after considering the employment scenario, remuneration package of the industry and remuneration package of the managerial talent of other industries.

During the financial year ended on 31st March, 2015, 3 (three) meetings of the Nomination and Remuneration Committee were held on 27th May, 2015, 6th August, 2014 and 8th November, 2014.

The composition of the Nomination and Remuneration Committee is as given below:

Attendance of Members at Meetings of the Nomination and Remuneration Committee

Name of the Director	Category	Designation	Meeting attended
Dr. T.N. Kapoor	Non Independent Non Executive	Chairman	3
Mr. Anil Khanna	Independent Non Executive	Member	3
Mr. Jagesh Khaitan	Independent Non Executive	Member	3
Mr. Mannil Venugopalan*	Independent Non Executive	Member	1
Mr. Chandra Mohan	Independent Non Executive	Member	2

*Mr. Mannil Venugopalan resigned from the directorship of the Company w.e.f. 30th April, 2015.

Remuneration Policy

Remuneration of the Chairman, Vice Chairman, Managing Director and Whole Time Director

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

- a) At the time of appointment or re-appointment, the Chairman, Vice Chairman, Managing Director and Whole Time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the respective Director within the overall limits as prescribed under the Companies Act, 2013 and rules made thereunder.
- b) The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- c) The remuneration of the above said directors is broadly divided into fixed and variable component whereas the remuneration of Chairman consists of fixed components only.
- d) The remuneration of the directors may also include Employee Stock Option Plans (ESOPs) as per the provisions of applicable laws.
- e) The fixed compensation shall comprise salary, allowances, perquisites, amenities and retirement benefits. The variable component shall comprise of individual and company performance bonus.
- f) In determining the remuneration (including the fixed increment and performance bonus) the Nomination & Remuneration Committee shall consider the following:
 - The relationship of remuneration and performance benchmarks is clear;
 - Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
 - Responsibility required to be shouldered by the above said Directors and the industry benchmarks and the current trends;
 - The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the Key Responsibility Areas (KRAs) / Key Performance Indicators (KPIs).
- g) Executive Directors are not entitled to sitting fees for attending meeting of directors.

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

Details of remuneration paid/payable to the Chairman, Chief Executive Officer and Chief Operating Officer during the financial year ended on 31st March, 2015 are as follows:

Name	Salary	Perquisites & allowance	Amount in Rupees	
			Bonus paid/provided in 2014-15	Total
Mr. R.K. Saboo	35,49,406	1,81,396	-	37,30,802
Mr. Yashovardhan Saboo	54,70,141	174,595	-	56,44,736
Mr. Dinesh Agrawal	41,64,829	32,160	-	41,96,989

Remuneration of Non-Executive Directors

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

- They will be entitled to receive remuneration by way of sitting fees for attending meetings of the Board or its Committees at rates within the limits prescribed under the Companies Act, 2013 and rules made thereunder.
- Non Executive Directors do not participate in Board discussions which relate to their own remuneration.
- They receive reimbursement of reasonable expenses incurred in attending the Board, Committee and other adhoc meetings.
- Remuneration is paid subject to deduction of Income Tax at source and payment of applicable Service Tax.

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

Name of the Director	Sitting Fees paid (Gross) (Rs.)
Mr. Anil Khanna	1,45,000.00
Mr. Chandra Mohan	1,25,000.00
Mr. Jagesh Khaitan	1,65,000.00
Mr. Mannil Venugopalan	70,000.00
Mr. Praveen Gupta	30,000.00
Mrs. Ranjana Agarwal	90,000.00
Dr. T.N. Kapoor	1,30,000.00
Total	7,55,000.00

Remuneration of Key Managerial Personnel (KMP) /Senior Management Personnel (SMP)

Key Managerial Personnel include Chief Financial Officer and Company Secretary appointed pursuant to the provisions of section 203 (1) of the Companies Act, 2013 irrespective of the remuneration drawn by them.

Senior Management Personnel include the heads of Business Segments and functions to be specifically decided by the Nomination and Remuneration Committee, on the recommendation of the Chief Executive Officer (CEO).

In determining the remuneration of the KMP and SMP, the Nomination & Remuneration Committee shall consider the following:

- The role, changes in job scope, responsibility and complexity and the need to maintain market competitiveness. The committee may make additional payments linked to relocation.
- The relationship of remuneration and performance benchmark is clear;
- Balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- The remuneration is divided into two components viz. fixed component of salaries, perquisites, amenities and retirement benefits and variable component of performance based incentive;
- The remuneration may also include ESOPs as per provisions of applicable laws.
- The remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market;
- The payout of salary and variable incentive to KMP / SMP will be governed by the guidelines of the company applicable to all employees.

The Managing Director / CEO will review and assess the performance and increments as recommended by Business / Functional Heads based on the standard appraisal matrix, score card and other factors mentioned herein above before recommending to Nomination and Remuneration Committee for its approval.

The respective functional head or Business head will review the performance of his reportees and recommend his proposal to CEO. The Managing Director / CEO will review the recommendation of Business / Functional Heads and make necessary moderations before finalizing the same. Managing Director / CEO will also carry out the individual performance review of all Senior Management Personnel/Key Managerial Personnel drawing CTC of Rs. 30 Lacs and more based on the standard appraisal matrix and after taking into account the appraisal score card and other factors mentioned here in above, recommends the annual increment and performance incentive to the Nomination & Remuneration Committee for its review and approval.

The Nomination and Remuneration Committee retains the discretion to make appropriate remuneration decisions outside the Standard Policy to meet specific circumstances in both the above cases.

The above said policies are available at the link http://www.kamladials.com/html/company_policy.html of the website of the Company.

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

The present composition of Stakeholders' Relationship Committee is as under:

Name	Category	Designation
Mr. Anil Khanna	Independent Non Executive Director	Chairman
Mr. Yashovardhan Saboo	Whole time Director	Member
Mr. Dinesh Agrawal	Whole time Director	Member
Mr. Sanjeev Masown	Chief Financial Officer	Member
Mr. P.K. Goyal	Company Secretary	Member

This Committee meets fortnightly or as may be required. The Company Secretary of the Company is authorized to authenticate the transfers/transmissions/issue of duplicate share certificates etc. All requests for dematerialization of shares are processed and confirmed by M/s Karvy Computershare Private Limited, Registrars and Share Transfer Agents of the Company.

Mr. P.K. Goyal, Company Secretary of the Company, has been designated as the Compliance Officer.

Shareholders'/Investors' complaints

Complaints pending as on 1st April, 2014	Nil
During the period from 1st April, 2014 to 31st March, 2015, complaints identified and reported under Clause 41 of the Listing Agreement	10
Complaints disposed off during the year ended 31st March, 2015	10
Complaints unresolved to the satisfaction of shareholders as on 31st March, 2015	Nil

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

In order to comply with the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder, the Board of Directors have constituted a 'Corporate Social Responsibility Committee w. e. f. 27th May, 2014 with the following directors:

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

During the year under review, two meeting were held on 8th November, 2014 and 2nd February, 2015

The above said policy is available at the link http://www.kamladials.com/html/company_policy.html of the website of the Company.

SUBSIDIARY COMPANIES:

The financials of the subsidiary companies i.e. M/s Ethos Ltd, Mahen Distribution Ltd., Pylania S.A. & Kamla International Holdings S.A. have been duly reviewed by the audit committee and the board of the company. The KDDL Board is also periodically about all significant transaction and relevant entered into by the subsidiary companies.

The company has also formulated a policy for determining the material subsidiaries and the details of such policies are disseminated in the website of the Company at web link: http://www.kamladials.com/html/company_policy.html.

IV.SHAREHOLDERS INFORMATION

General Body Meetings

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

Financial year	Details of Location	Date	Time	Special resolutions passed
2013-14	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	6th August, 2014	12.30 p.m.	<p>a. Re-appointment of Mr. Rajendra Kumar Saboo as Chairman of the Company w.e.f. 1st December, 2013, for a further period of three years, i.e., upto 30th November, 2016.</p> <p>b. Re-appointment of Mr. Yashovardhan Saboo as Managing Director with functional designation of Vice Chairman and Chief Executive Officer of the Company, w.e.f. 1st April, 2014, for a further period of three years, i.e. upto 31st March, 2017.</p> <p>c. Approval under section 180(1)©of the Companies Act, 2013 regarding borrowing limits</p> <p>d. Appointment of Mrs. Malvika Saboo as General Manager of the Company w.e.f. 01.12.2013 under section 314(1)(b) of the Companies Act, 1956.</p> <p>e. Approval under section 372A of the Companies Act, 1956 regarding ratification of Corporate Guarantees already given in favour of our subsidiary company, M/s Ethos Limited.</p>
2012-13	Hotel Timber Trail Resorts, Parwanoo -173 220 (HP)	9th September, 2013	12.30 p.m.	<p>a. Re-appointment of Mr. Dinesh Agrawal as Whole Time Director with functional designation of Chief Operating Officer of the Company, w.e.f., 1st April, 2013, for a further period of three years, i.e., upto 31st March, 2016.</p> <p>b. Provide corporate guarantee to the Bank for providing loan to M/s Ethos Limited, Subsidiary Company.</p>
2011-12	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	17th September, 2012	12.30P.M.	Provide corporate guarantees to banks/ financial institution for providing loan to M/s. Kamla Retail Limited), Subsidiary Company.

(ii) No Extra -Ordinary General Meeting of the shareholders of the Company was held during the year.

(iii) One postal ballot was conducted during the year and two special resolutions were passed in the Postal Ballot. Mr. Ajay K. Arora, Practicing Company Secretary was appointed as the Scrutiniser for the aforesaid Postal Ballot. Details of voting of the Postal Ballot dated 28th August, 2014 is as follows:-

Resolution No. & Type 1	Promoter /Public 2	No. of shares held 3	No. of votes polled 4	% of votes polled on outstanding shares 5 =(4/3)*100	No. of votes in favour 6	No. of votes against 7	% of votes in favour on votes polled 8 8=(6/4)*100	% of votes against on votes polled 9 =(7/4)*100
1	Promotor and Promotor Group	4794982	4776931	99.62	4776931	0	100.00	0.00
Special Resolution	Public institutional holder	103901	0	0.00	0	0	0.00	0.00
	Public - Others	4137837	78692	1.90	78692	0	100.00	0.00
	Total	9036720	4855623	53.73	4855623	0	100.00	0.00
2	Promotor and Promotor Group	4794982	4776931	99.62	4794982	0	100.38	0.00
Special	Public Institutional holders	103901	0	0.00	0	0	0.00	0.00
Resolution	Public - Others	4137837	79742	1.93	79442	300	99.62	0.00
	Total	9036720	4856673	53.74	4874424	0	100.00	0.00

Procedure for the Postal Ballot is in compliance with the provisions of Companies Act, 2013 read with rules made thereunder.

V. DISCLOSURES

During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company in large. The transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in the Balance Sheet (See Note 34 to the financial statements in the Annual Report). Also, there has not been any non-compliance by the Company in this regard.

The Policy on dealing with Related Party Transactions as approved by the Board is posted on the Company Website at the following web link: http://kamladials.com/html/company_policy.html.

No penalties or strictures were imposed by the Stock Exchange, SEBI or any other Statutory Authority on any matter related to Capital Markets during the last three years.

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March, 2015.

The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of financial statements and the Company has not adopted a treatment different from that prescribed in the Accounting Standards or revised relevant schedule of the Companies Act, 2013 read with rules made there underthere under.

The Company has not adopted any non-mandatory requirements as stated in Annexure III of the Listing Agreement.

The Company has framed a Whistle Blower Policy, the details of which are available on the company's website at the following link: http://www.kamladials.com/html/whistle_blower_policy.html.

The Management affirms that no person has been denied access to the Audit Committee. All details relating to financial and commercial transactions where Directors may have pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters. In matters other than those with pecuniary interests, the Directors are considered to be interested to the extent of their shareholding in the Company and following is the status of their shareholding as on the date of this Report:

Name of the Director	No. of equity shares held as on date of Board meeting i.e. 31.03.2015
Mr. R.K. Saboo	2054560
Dr. T.N. Kapoor	Nil
Mr. Jagesh Khaitan	466
Mr. Anil Khanna	4183
Mr. Chandra Mohan	Nil
Mr. Mannil Venugopalan	Nil
Mrs. Ranjana Agarwal	Nil
Mr. Yashovardhan Saboo	1505630
Mr. Dinesh Agrawal	26551

VI. MEANS OF COMMUNICATION

Quarterly/Half yearly report sent to each shareholder's residence	No. The financial results are published in the newspapers as required under the Listing Agreement.
Newspapers in which quarterly results are published	Financial Express (English)/Jan Satta (Hindi)
Any website where results or official news are displayed	Yes, www.kddl.com
Whether it also displays official news releases	Yes
The presentations made to institutional investors or to the analysts	Yes

IX. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting

Date	: 24 August, 2015
Venue	: Hotel Timber Trail Resorts, Parwanoo 173 220 (H.P.)
Time	: 12.30 P.M.

(b) Financial Year

Financial year: 1st April to 31st March
For the financial year ended 31st March, 2015, results

were announced on:

• "30th June, 2014	: 6th August, 2014
• "30th September, 2014	: 8th November, 2014
• "31st December, 2014	: 2nd February, 2015
• "31st March, 2015	: 28th May, 2015
•	
• For the year ending 31st March, 2016, the tentative dates for announcement of the results:	
•	
• 30th June, 2015	: Second week of August, 2015
• 30th September, 2015	: Second week of November, 2015
• 31st December, 2015	: Second week of February, 2016
• 31st March, 2016	: Fourth week of May, 2016

(c) Date of Book Closure

Book Closure - 16.08.2015 to 24.08.2015 (both days inclusive)

(d) Dividend Payment Date

Subject to approval of the members of the Company at the ensuing Annual General Meeting scheduled to be held on 24.08.2015, the Directors have recommended 20% i.e. Rs. 2/- per share as dividend for the financial year 2014-15.

(e) Listing on Stock Exchanges

The Equity Shares of the Company are listed on the BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The Company has also filed an application for the listing of its equity shares at National Stock Exchange of India Limited and the same is under active consideration.

(f) Stock Code

BSE Limited - 532054

(g) Market Price Data

Month	Quote at BSE (Amount in Rs.)		BSE Sensex Close
	High	Low	
April, 2014	81.00	72.50	22417.80
May, 2014	103.75	69.00	24217.34
June, 2014	146.00	105.50	25413.78
July, 2014	169.00	115.05	25894.97
August, 2014	178.40	140.15	26638.11
September, 2014	226.05	145.25	26630.51
October, 2014	174.10	138.80	27865.83
November, 2014	263.80	152.50	28693.99
December, 2014	268.00	196.00	27499.42
January, 2015	316.00	245.25	29182.95
February, 2015	379.50	275.00	29361.50
March, 2015	343.70	278.00	27957.49

(h) Registrar and Share Transfer Agent

M/s Karvy Computershare Private Limited, Hyderabad has been appointed as the Registrar and Share Transfer Agent of the Company for handling the share transfer work both in physical and electronic form. All correspondences relating to share transfer, transmission, dematerialization and rematerialisation can be made at the following address:

Karvy Computershare Private Limited
(CIN - U74140TG2003PTC041636)

UNIT: KDDL LIMITED

'Karvy Selenium Tower B', Plot 31-32, Financial District,
Nanakramguda, Gachibowli, Hyderabad - 500 032

Ph : +91 040 67161516/1518

Fax: +91-40 23420818

Website: www.karvy.com

Contact Person: Mr. Srikrishna Pemmaraju/Mr. Suresh Babu D.

(i) Share Transfer System

The Company has constituted Stakeholders' Relationship Committee to specifically look into transfer/demat/remat of shares, issue of duplicate/split/consolidation of share certificates, notices, the redressal of Investors' complaints etc. The Committee meets on an average once in a fortnight. The list of valid transfers and objections, requests for split up/consolidation/duplicate/dematerialization, if any, are placed before the Committee for its approval and confirmation.

(j) Distribution of Shareholding

Distribution of Shareholding as on 31st March, 2015					
Sl.no	Category (Amount)	No.of Holders	% To Holders	Amount(Rs.)	% To Equity
1	1- 5000	3574	85.60	4543360.00	5.01
2	5001 - 10000	248	5.94	1944510.00	2.14
3	10001 - 20000	126	3.02	1904060.00	2.10
4	20001 - 30000	61	1.46	1582990.00	1.74
5	30001 - 40000	29	0.69	1026190.00	1.13
6	40001 - 50000	23	0.55	1074770.00	1.18
7	50001 - 100000	50	1.20	3851600.00	4.24
8	100001 - 1000000	51	1.22	17925520.00	19.75
9	100001 and Above	13	0.31	56911700.00	62.70
TOTAL:		4175	100.00	90764700.00	100.00

SHARE HOLDING PATTERN AS ON 31ST MARCH, 2015

S.no	Description	Cases	Shares	% Equity
1	BANKS	1	50	0.00
2	CLEARING MEMBERS	19	7951	0.09
3	DIRECTORS	3	31200	0.34
4	DIRECTORS AND RELATIVES	8	27229	0.30
5	EMPLOYEES	13	18892	0.21
6	FOREIGN COLLABORATORS	2	50000	0.55
7	FOREIGN INSTITUTIONAL INVESTOR	1	33419	0.37
8	HUF	93	113140	1.25
9	BODIES CORPORATES	129	1143629	12.60
10	MUTUAL FUNDS	1	2900	0.03
11	NON RESIDENT INDIANS	54	56462	0.62
12	OVERSEAS CORPORATE BODIES	3	257018	2.83
13	PROMOTERS BODIES CORPORATE	2	18001	0.20
14	COMPANY PROMOTERS	18	4776981	52.63
15	RESIDENT INDIVIDUALS	3828	2539598	27.98
	Total:	4175	9076470	100.00

k) Dematerialization of shares and liquidity

As on 31st March, 2015, 82,79,019 equity shares equivalent to about 91.21% of the Company's paid up equity capital is held in dematerialized form with NSDL and CDSL. Trading in equity shares of the Company is permitted only in dematerialized form w.e.f. 24th May, 2001 as per the notification issued by the Securities and Exchange Board of India. The Company has duly complied with the SEBI Circular No. SEBI/Cir/ISD/3/2011 dated June 17, 2011 regarding 100% promoters holding in dematerialized form.

The ISIN (International Securities Identification Number) of the Company is **INE291D01011**.

(m) Unclaimed dividend

Pursuant to the provisions of section 124 of the Companies Act, 2013 and rules made thereunder, the amount of dividend which remains unclaimed for a period of seven years from the date of transfer to unclaimed/unpaid dividend account would be transferred to the "Investor Education and Protection Fund" and the shareholders would not be able to make any claims to the amount of dividend so transferred to the Fund. The unclaimed dividend for the years till 2006-07 has already been transferred to the fund. As such, shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company during the years 2007-08 onwards.

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

Year	Dividend No.	Dividend unclaimed (Rs.) as on 31st March, 2014	Date of Declaration	Due date for transfer on
2007-2008	17	220746.00	30.07.2008	05.09.2015
2010-2011	18	384153.00	15.09.2011	21.10.2018
2011-2012	19	414255.00	17.09.2012	23.10.2019
2012-13	20	157873.00	09.09.2013	15.10.2020
2013-14	21	241422.00	06.08.2014	12.09.2021

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

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

(o) Plant/Business Locations

Dial Units	1. Plot No. 3, Sector III, Parwanoo (H.P.) INDIA
	2. Haibatpur Road, Saddomajra, Derabassi INDIA
Assembly Units	1. Village Dhana, Bagbania, P.O Manpura, Tehsil Baddi, Distt. Solan (H.P), INDIA
Hands Unit	1. 296-97, 5th Main, 11th Cross, Peenya Industrial Area, Bangalore, INDIA
	2. 408, 2nd Floor, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore, INDIA
Packaging Unit	1. 25/1, Industrial Area, Phase-II, Chandigarh, INDIA
	2. Plot No. 9, Sector V, Parwanoo (Himachal Pradesh)
Precision Stamping Unit - EIGEN	1. 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore, (Karnataka)
	2. Plot No 9-B, Chokkasandra, Peenya Industrial Area, Bangalore, (Karnataka)

(p) Address for correspondence

Shareholders are requested to contact the following:-

Mr. P.K. Goyal

Company Secretary and Compliance Officer

KDDL Limited

Corporate Office: 'Kamla Centre', SCO 88-89

Sector 8-C, Chandigarh-160 009

Tel: 0172-2544378

Fax: 0172- 2548302

Website: www.kddl.com

Email: pawan.goyal@kddl.com

Declaration by the CEO under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement with the Stock Exchange, I hereby confirm that, all Directors and the Senior Management personnel of the Company have affirmed compliance to the KDDL's Code of Conduct, for the financial year ended 31st March, 2015.

For KDDL Limited

**Yashovardhan Saboo
Chief Executive Officer**

Certificate on Corporate Governance under Clause 49 of the Listing Agreement

To the Members of
KDDL Limited
Plot No 3, Sector-III,
Parwanoo (HP)

We have examined the compliance of conditions of corporate governance by KDDL Limited ("the Company"), for the year ended on 31 March 2015, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

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

Place: Chandigarh
Date: 28.05.2015

**For M. R. Chechi & Associates
Company Secretaries
Mast Ram FCS, Proprietor
Membership No.: FCS 3823, CP No. 2906**

Independent Auditor's Report

To the Members of KDDL Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of KDDL Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The

procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- the standalone financial statements dealt with by this report are in agreement with the books of account;
- in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended)

- e. on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;
- f. 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. as detailed in Note 33 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Walker Chandiook & Co LLP**
(Formerly Walker, Chandiook & Co)
 Chartered Accountants
 Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**
 Place: Chandigarh Partner
 Date: 28 May 2015 Membership No.: 095256

Annexure to the Independent Auditor's Report of even date to the members of KDDL Limited, on the financial statements for the year ended 31 March 2015.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (I) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has granted secured loans to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) the repayment of principal amount and the payment of interest accrued thereon did not fall due during the period covered by our audit; and

(b) there is no overdue amount in respect of loans granted to such company.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.

(vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Annexure to the Independent Auditor's Report of even date to the members of KDDL Limited, on the financial statements for the year ended 31 March 2015.

Name of the statute	Nature of dues	Amount (Rs.)	Amount paid under protest (Rs.)	Period which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Central Excise	8,164,882	-	July 2000- Feb 2003	Custom Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service tax	219,309	-	July 2004-March 2005	Custom Excise and Service Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	4,046,108	4,046,108	FY 2003-04	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	13,203,431	-	FY 2004-05	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	10,625,400	10,625,400	FY 2005-06	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	13,437,820	5,606,407	FY 2006-07	Commissioner of Income-tax (Appeals), New Delhi
Income-tax Act, 1961	Income-tax	11,683,230	7,473,770	FY 2007-08	Commissioner of Income-tax (Appeals), New Delhi
Income-tax Act, 1961	Income-tax	9,393,730	5,014,427	FY 2008-09	Commissioner of Income-tax (Appeals), New Delhi
Income-tax Act, 1961	Income-tax	28,567,250	-	FY 2010-11	Commissioner of Income-tax (Appeals), New Delhi

(c) The Company has transferred the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time.

(viii) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(ix) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.

(x) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.

(xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiook & Co LLP**
(Formerly Walker, Chandiook & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**
Partner
Membership No.: 095256

Place: Chandigarh
Date: 28 May 2015

Balance sheet as at 31 March 2015

(All amount in rupees, unless stated otherwise)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	91,636,100	91,238,600
Reserves and surplus	4	433,596,649	401,661,871
		<u>525,232,749</u>	<u>492,900,471</u>
Non-current liabilities			
Long-term borrowings	5	192,202,566	220,654,387
Deferred tax liabilities (net)	6	41,249,912	49,424,954
Other long term liabilities	7	3,263,352	2,621,589
Long term provisions	8	26,415,287	28,514,882
		<u>263,131,117</u>	<u>301,215,812</u>
Current liabilities			
Short-term borrowings	9	232,454,932	238,373,943
Trade payables	10	116,147,000	119,740,399
Other current liabilities	11	181,714,010	211,212,368
Short-term provisions	12	42,697,656	27,865,588
		<u>573,013,598</u>	<u>597,192,298</u>
Total		<u><u>1,361,377,464</u></u>	<u><u>1,391,308,581</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	518,372,281	558,305,738
Intangible assets	13	14,234,720	15,261,109
Capital work-in-progress		20,304,650	7,222,852
Non-current investments	14	186,872,302	185,768,573
Long term loans and advances	15	56,047,152	47,685,365
Other non-current assets	16	237,496	2,233,537
		<u>796,068,601</u>	<u>816,477,174</u>
Current assets			
Inventories	17	218,982,599	208,957,553
Trade receivables	18	179,501,201	181,037,691
Cash and bank balances	19	61,825,674	65,704,806
Short-term loans and advances	20	103,460,924	118,509,295
Other current assets	21	1,538,465	622,062
		<u>565,308,863</u>	<u>574,831,407</u>
Total		<u><u>1,361,377,464</u></u>	<u><u>1,391,308,581</u></u>

Notes 1 to 45 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date For and on behalf of the Board of Directors of **KDDL Limited**For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants**R. K. SABOO**
Chairman
(DIN: 00012194)**Y. SABOO**
Chief Executive Officer
and Vice Chairman
(DIN: 00012158)Per **Lalit Kumar**
Partner**S. K. Masown**
Chief Financial Officer**P.K. GOYAL**
Company SecretaryPlace : Chandigarh
Date : 28 May 2015Place : Chandigarh
Date : 28 May 2015

Statement of Profit and loss for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

	Note	Year ended 31 March 2015	Year ended 31 March 2014
REVENUE			
Revenue from operations (gross)	22	1,310,448,438	1,154,880,516
Less: Excise duty		42,067,420	38,853,058
Revenue from operations (net)		1,268,381,018	1,116,027,458
Other income	23	11,723,065	12,530,167
Total revenue		1,280,104,083	1,128,557,625
EXPENDITURE			
Cost of materials consumed	24	297,738,916	266,808,391
Change in inventories	25	(2,965,481)	10,459,709
Employee benefit expenses	26	402,413,655	351,021,023
Finance costs	27	80,583,508	81,881,347
Depreciation and amortisation expense	28	73,928,011	59,255,953
Other expenses	29	322,025,386	285,894,121
Prior period items	30	943,891	-
Total expenses		1,174,667,886	1,055,320,544
Profit before exceptional items and tax		105,436,197	73,237,081
Exceptional items	31	1,396,171	5,874,860
Profit before tax		104,040,026	67,362,221
Tax expense:			
Current tax		38,840,125	20,157,803
Deferred tax		137,699	4,060,505
Deferred tax adjustment - earlier years		-	751,536
Profit after tax		65,062,202	42,392,377
Earnings per share	36		
Earnings per share-before exceptional items and after tax			
Basic		7.35	5.34
Diluted		7.34	5.34
Earnings per share-after exceptional items and tax			
Basic		7.19	4.69
Diluted		7.18	4.69

Notes 1 to 45 form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered AccountantsPer **Lalit Kumar**
PartnerPlace : Chandigarh
Date : 28 May 2015For and on behalf of the Board of Directors of **KDDL Limited****R. K. SABOO**
Chairman
(DIN: 00012194)**Y. SABOO**
Chief Executive Officer
and Vice Chairman
(DIN: 00012158)**S. K. Masown**
Chief Financial Officer**P.K. GOYAL**
Company SecretaryPlace : Chandigarh
Date : 28 May 2015

Cash flow statement for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

	Year ended 31 March 2015	Year ended 31 March 2014
A. Cash flow from operating activities:		
Net profit before extraordinary items and tax	104,040,026	67,362,221
Adjustments for:		
Depreciation	73,928,011	59,255,953
Loss on sale/disposal of fixed assets (net)	323,464	737,360
Fixed assets written off	599,153	5,574,860
Expense on employee stock option scheme	76,737	170,016
Interest expense	71,760,216	72,782,794
Interest income	(3,908,179)	(4,188,174)
Prior period expenses	943,891	-
Dividend income	-	(6,250)
Provision no longer required written back	(2,631,834)	(1,582,168)
Provision for other than temporary diminution in value of investments	1,396,171	300,000
Provision for doubtful advances	846,796	622,817
Bad debts and advances written off	3,779,322	-
Provision for warranty	358,449	(318,321)
Operating profit before working capital changes	251,512,223	200,711,108
Adjustments for movement in:		
Inventories	(10,025,046)	8,462,403
Trade receivables	1,341,708	(10,481,197)
Short-term loans and advances	7,089,015	(30,347,030)
Long-term loans and advances	(5,016,464)	(297,849)
Other non-current assets	(103,960)	(2,113,537)
Trade payables	(3,593,400)	(28,405,999)
Other current liabilities	(13,870,039)	7,454,690
Other long-term liabilities	641,763	(20,354,411)
Short-term provisions	2,345,177	(619,696)
Long-term provisions	(2,458,044)	6,282,693
Cash flow from operating activities before taxes	227,862,935	130,291,175
Income-taxes	(35,794,777)	(18,407,932)
Net cash flow from operating activities (A)	192,068,158	111,883,243
B. Cash flow from investing activities:		
Purchase of fixed assets (including capital advances and creditors for capital expenditure)	(74,157,383)	(48,656,523)
Proceeds from sale of fixed assets	456,698	664,556
Bank balances not considered as cash and cash equivalents		
-Deposits	(32,659,008)	(41,188,036)
-Matured	21,465,389	48,400,240
Purchase of investment in subsidiaries		
- Preference shares	(2,499,900)	-
- Equity shares	-	(5,127,000)
Dividend received	-	6,250
Loans realised from group companies	5,413,722	28,057
Loans paid to group companies	(169,732)	(8,773,103)
Interest received from joint venture	6,00,000	1,507,500
Interest received from others	2,391,776	2,969,922
Net cash used in investing activities (B)	(79,158,438)	(50,168,136)

Cash flow statement for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

	Year ended 31 March 2015	Year ended 31 March 2014
C Cash flow from financing activities:		
Proceeds from issue of share capital (including premium)	4,770,000	-
Proceeds from long-term borrowings	10,777,896	63,347,926
Repayment of long term borrowings	(53,645,699)	(2,194,533)
(Repayment) / Proceed of borrowings from related parties	(6,300,000)	14,500,000
Proceeds from short-term borrowings	11,857,694	12,977,214
Repayment of short-term borrowings	(12,776,704)	(31,992,245)
Interest paid	(68,906,892)	(73,624,504)
Dividend paid	(13,555,080)	(9,036,720)
Tax on dividend	(2,303,686)	(1,465,756)
Net cash used in financing activities ©	(130,082,471)	(27,488,618)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(17,172,752)	34,226,490
Opening cash and cash equivalents	44,462,051	10,235,561
Closing cash and cash equivalents	27,289,299	44,462,051

Notes :

a) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 (AS-3) on "Cash flow statements" as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

	Year ended 31 March 2015	Year ended 31 March 2014
b) Cash and cash equivalents include:		
Cash in hand	667,664	571,036
Balance with banks	25,200,731	42,602,028
In equity dividend accounts	1,420,904	1,288,986
	<u>27,289,299</u>	<u>44,462,051</u>
Excluding the following:		
- Pledged in fixed deposit accounts	34,536,375	23,342,756
Cash and bank balances	<u>61,825,674</u>	<u>67,804,806</u>

c) Negative figures have been shown in brackets.

d) Cash and cash equivalents include Rs 1,420,904 (previous year Rs.1,288,986)]held in dividend accounts which is not available for use by the Company.

Notes 1 to 45 form an integral part of these financial statements

This is the cash flow statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Chandigarh
Date : 28 May 2015

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

R. K. SABOO
Chairman
(DIN: 00012194)

S. K. Masown
Chief Financial Officer

Place : Chandigarh
Date : 28 May 2015

Y. SABOO
Chief Executive Officer
and Vice Chairman
(DIN: 00012158)

P.K. GOYAL
Company Secretary

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

1. Background and nature of operations

KDDL Limited (the "Company") incorporated in January 1981 is engaged in the business of manufacturing dials, watch hands and precision components. Currently, the Company has manufacturing facilities, at Parwanoo (Himachal Pradesh) and Derabassi (Punjab) - dial manufacturing, Bangalore (Karnataka) - hands and precision components manufacturing.

2. Significant accounting policies

a Basis of preparation

These financial statements have been prepared under the historical cost convention on a going concern basis, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). Indian GAAP comprises mandatory accounting standards as specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other accounting pronouncements of The Institute of Chartered Accountants of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of its assets and liabilities.

b Use of estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised in the current and future periods.

c Revenue recognition

- a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty and net of trade discounts, sales returns and sales tax wherever applicable.
- b) Duty Entitlement Pass Book (DEPB) and any other scheme are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.
- c) Revenue in respect of tool development and job charges is recognized as per the terms of the contract with the customers.
- d) Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rates applicable.
- e) Dividend income is recognised when the Company's right to receive the same is established.

d Fixed assets

Tangible Assets

Fixed assets are stated at cost (gross block) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on account of modification / alteration in plant and machinery / building, which increases the future benefit from the existing asset beyond its previous assessed standard of performance, is capitalised.

Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily takes a substantial period of time to get ready for their intended use are capitalised.

Assets acquired on hire purchase are capitalised at the inception of the hire purchase agreement. Interest cost is charged to statement of profit and loss on accrual basis.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

Intangible assets

Intangible assets are stated at cost (gross block) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use.

e Depreciation and amortisation

Pursuant to the notification in Part II of Schedule II to the Companies Act, 2013, effective from 1 April 2014, the management has reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for year ended 31 March 2015 is provided on straight line method based on life prescribed as per Schedule II of the Companies Act, 2013.

Block of asset	Useful life as per Companies Act, 2013 (in years)
Buildings	30-60
Plant and machinery	15
Furniture and fixture	10
Office equipment	5
Computers	3
Vehicles	8 - 10

- Depreciation on improvements carried out on buildings taken on lease (included under buildings) is provided over the period of the lease or useful life of the assets, whichever is lower.
- Depreciation on a particular class of dies and tools manufactured by the Company and put to use after 1 April 2003 is provided over a period of 3 years.
- The cost of leasehold land is not amortised as these are perpetual leases.
- Know-how is amortised over a period of four years.
- Software is amortised over a period not exceeding six years.

Depreciation on fixed assets for the year ended 31 March 2014 was provided on straight line method as per the rates prescribed under Schedule XIV to the Companies Act, 1956.

f. Inventories

Inventories are valued as follows:

1. **Raw materials and components, stores and spares, finished goods and stock in process:** At lower of cost and net realisable value.
2. Cost of inventories is ascertained on the following basis:
 - a) Raw materials and components and stores and spares cost includes material cost, custom duty, freight and related direct expenses incurred in bringing the inventories to present location and condition. Cost is determined on moving weighted average basis.
 - b) Work in progress is valued at raw material cost plus conversion costs depending upon the stage of completion.
 - c) Finished goods are stated at the lower of cost or net realizable value. Cost is determined using moving weighted average cost basis and includes the raw material cost plus conversion costs, packing cost and other overheads costs incurred to bring the goods to their present location and condition.

g. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are stated at cost. Provision is made for diminution in the value of long-term investments to recognise decline, if any, other than temporary in nature.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

h. Foreign Currency transactions

Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment. Transaction in foreign currencies are recorded at the rates prevailing on the date of the transaction and monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date.

Differences arising on foreign currency translations of transactions settled during the year are recognised in the statement of profit and loss.

Forward exchange contracts not covered under Accounting Standard 11 'Effect of change in Foreign Exchange Rates', that are entered to hedge the foreign currency risk of highly probable forecast transactions and unrecognized firm commitments are marked to market at the balance sheet date and exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

The premium or discount arising at the inception of the forward contracts other than those entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

i. Employee benefits**Short term employee benefits**

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus, etc are recognized in the statement of profit and loss in the period in which the employee renders the related service.

Post-employment benefits**Defined contribution plan**

The company makes specified contribution towards employee provident fund to Employees Provident Fund administered by the Regional Provident Commissioner. The Company's contribution to provident fund, being a defined contribution plan, is recognized in the statement of profit and loss in the financial year to which it relates.

In respect of superannuation, the Company makes contribution to Life Insurance Corporation of India ("LIC") of an amount payable by the trusts to LIC, which is charged to the statement of profit and loss.

Defined benefit plan

Gratuity is a post-employment defined benefit plan. The present value of obligation for gratuity is determined based on actuarial valuation using the Projected Unit Credit Method, less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Gratuity and superannuation funds are administered by trustees of independently constituted trusts. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise.

Other long term liability

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability determined based on actuarial valuation using the Projected Unit Credit Method at the balance sheet date.

Actuarial Gains/Losses

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise.

j. Employee Stock Option Plan (ESOP)

Stock options granted to the employees under the stock options schemes are accounted at intrinsic value as per the accounting treatment prescribed by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') and guidance note on Employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price, determined as per the Guidelines and guidance note, of underlying equity shares (market value), over the exercise price of the options is recognised as deferred stock compensation expense and is charged to statement of profit and loss on a straight line basis over the vesting period of the options. The amortised portion of the cost is shown under shareholders' funds.

k. Taxes on income

Tax expense comprises current tax and deferred income tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses can be realised.

i. Earnings per share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit or loss for the year attributable to the equity shareholders. Earnings per share are computed using the weighted average number of shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

m. Leases

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease rentals in respect of assets taken under an operating lease are charged to the statement of profit and loss on a straight line basis over the lease term.

In respect of assets given on operating lease, income is being recognised on a straight line basis over the lease term.

n. Contingent liabilities and provisions

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation at the reporting date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognize assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.

o. Impairment of Assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference as impairment loss and is charged to the statement of profit and loss.

p. Cash and cash equivalent

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investment with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalent.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
3. Share capital				
a) Authorised share capital				
Equity shares of Rs. 10 each	12,480,000	124,800,000	12,480,000	124,800,000
b) Issued, subscribed and fully paid up				
(i) Issued	9,250,750	92,507,500	9,211,000	92,110,000
(ii) Subscribed and fully paid up	9,076,470	90,764,700	9,036,720	90,367,200
(iii) Shares forfeited (Rs.10 each, Rs.5 paid up)	174,280	871,400	174,280	871,400
	9,250,750	91,636,100	9,211,000	91,238,600

a. The Company has only one class of equity shares having a par value of Rs.10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Reconciliation of equity share capital

	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
Equity share capital of Rs. 10 each fully paid up				
Balance at the beginning of the year	9,036,720	90,367,200	9,036,720	90,367,200
Add: Shares issued pursuant to exercise of employee stock option plan	39,750	397,500	-	-
Balance at the end of the year	9,076,470	90,764,700	9,036,720	90,367,200

There is no movement in forfeited equity shares of Rs. 10 each, Rs. 5 paid up during the current and previous year.

c. Shareholders holding more than 5% of the shares in the company as at balance sheet date

	Number Percentage		Number Percentage	
	Number	Percentage	Number	Percentage
R. K. Saboo	2,054,560	22.64%	2,054,560	22.74%
Y. Saboo	1,505,630	16.59%	1,505,630	16.66%

d. Shares reserved for issue under options and other commitments

As on 31 March 2015, 39,750 (previous year : 84,000) equity shares have been reserved for issue under the Employee Stock Plan of the company (Refer note 41).

e. Utilisation of proceeds received pursuant to issue of shares

The Company has allotted 39,750 equity shares of face value of Rs 10 each during the year ended 31 March 2015 to the eligible employees on account of exercise of vested stock under Employee Stock Option Plan 2011. Consequent to the said allotment, the Company has received Rs. 4,770,000 as allotment money. Out of such proceeds, Rs 3,330,000 has been utilised by the Company for meeting its working capital requirements. The outstanding balance of Rs 1,440,000 has been kept in a separate bank account.

f. Shares issued for consideration other than cash

The Company has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Company has not issued any bonus shares nor has there been any buy-back of shares in the current year and preceding five years.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
4. Reserves and surplus		
Central investment subsidy	2,500,000	2,500,000
State investment subsidy	3,000,000	3,000,000
Profit on re-issue of forfeited shares	9,125	9,125
Forfeiture of zero coupon convertible warrants	1,025	1,025
Securities premium reserve		
Balance at the beginning of the year	186,649,150	186,649,150
Add: Additions made during the year on allotment of equity shares on exercise of employee stock option plan	4,925,025	-
-		
Balance at the end of the year	<u>191,574,175</u>	<u>186,649,150</u>
Employee stock option		
Options outstanding at the beginning of the year	1,167,600	1,251,000
Employee stock options outstanding		
Less: Options exercised during the year	(552,525)	-
Less: Options expired during the year	(62,550)	(83,400)
Options outstanding at the end of the year (I)	<u>552,525</u>	<u>1,167,600</u>
Deferred employee stock option expense		
At the commencement of the year	264,410	517,826
Less: Amortisation and other movements during the year *	(139,287)	(253,416)
At the end of the year (ii)	<u>125,123</u>	<u>264,410</u>
(i)-(ii)	<u>427,402</u>	<u>903,190</u>
*Employee stock option expense net off impact of options expired during the year (Refer note 26)	<u>76,737</u>	<u>170,016</u>
General reserve		
Balance at the beginning of the year	127,619,619	125,500,000
Add: Transferred from statement of profit and loss	30,000,000	2,119,619
Balance at the end of the year	<u>157,619,619</u>	<u>127,619,619</u>
Surplus in the statement of profit and loss		
Balance at the beginning of the year	80,979,762	56,565,770
Add: Transferred from statement of profit and loss	65,062,202	42,392,377
Less :		
Depreciation adjustment (refer note 13)	(24,019,708)	
Deferred tax impact of depreciation adjustment (refer note 13)	<u>8,312,741</u>	-
	(15,706,967)	
Less: Appropriations		
Proposed dividend for current year	(18,152,940)	(13,555,080)
Tax on proposed dividend for current year	(3,716,755)	(2,303,686)
Transfer to general reserve	(30,000,000)	(2,119,619)
Balance at the end of the year	<u>78,465,303</u>	<u>80,979,762</u>
	<u>433,596,649</u>	<u>401,661,871</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
5. Long term borrowings		
Secured		
Term loans		
- from banks	96,245,466	133,470,398
- from others	8,423,685	-
Vehicle loan		
- from banks	6,604,415	6,544,989
Unsecured		
Inter corporate deposits		
- From related party (refer note 34)	15,000,000	9,300,000
Public deposit		
- From related parties (refer note 34)	2,100,000	2,200,000
- from others	63,829,000	69,139,000
	192,202,566	220,654,387

a. Details of security and terms of repayment of term loans from banks

Term loans from banks amounting to Rs.161,638,987 (previous year Rs. 199,039,685) (including current maturities of long term debt amounting to Rs. 65,393,521 (previous year Rs. 65,569,287) as referred to in Note 11) are secured as under:

- Term loans from Bank of India amounting to Rs. 78,373,720 (previous year Rs 78,365,764)(including current maturities of long term debt amounting to Rs. 30,213,521(previous year Rs. 32,703,000) and buyers credit Nil (previous year Rs 12,842,509) availed as a sub limit to term loan) carrying interest rate of 3.20% and 2.95% over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of the Company excluding the fixed assets installed at packaging division at Chandigarh (KPAC), hands division at Bengaluru (KHAN-2), and the plant and machinery and furniture and fixtures of dials division at Parwanoo (TTPA) acquired before 31 March 2005 and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The term loan is further secured by way of first pari passu mortgage charge on land and building of dials division at Derabassi (KDER). The term loans are also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company.

- Term loans from IDBI amounting to Rs. 3,780,000 (previous year Rs. 8,820,000)(including current maturities of long term debt amounting to Rs. 3,780,000 (previous year Rs.5,040,000), carrying interest rate of 2.5% over the bank base rate and Corporate loan amounting to Rs. 39,284,000 (previous year Rs 40,000,000)(including current maturities of long term debt amounting to Rs. 14,288,000)(previous year Rs. 10,714,287) carrying interest rate of 3% over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of KDER, tool room division at Bengaluru (EIGEN) and hands division at Bengaluru (KHAN-1) and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The term loan is further secured by way of first pari passu mortgage charge on land and building of KDER. The term loans are also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company.

-Term loan from Corporation Bank amounting to Rs. 40,201,267 (previous year Rs.42,313,207) (including current maturities of long term debt amounting to Rs. 17,112,000 (previous year Rs 17,112,000) and buyers credit nil (previous year Rs 16,698,205) availed as a sub limit to term loan) carrying interest rate of 5.50% over the bank base rate, are secured by way of first exclusive charge on all the plant and machinery and furniture and fixtures of KHAN-2 and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The loan is further secured by exclusive mortgage charge on land and building of KHAN-1.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

Repayment terms of term loans from banks (including the current maturities of long term debt as referred to in Note 11) are given as under:

- Term loan from IDBI amounting to Rs. 3,780,000 is repayable in 3 quarterly instalments of Rs. 1,260,000 commencing from 30 April 2015. The last instalment would be repaid on 31 October 2015.
- Term loan from IDBI amounting to Rs. 39,284,000 (sanctioned amount being Rs. 50,000,000) is repayable in 10 quarterly instalments of Rs. 3,572,000 and last instalment of Rs. 35,64,000 commencing from 30 June 2015. The last instalment would be repaid on 31 December 2017.
- Term loan from Bank of India amounting to Rs. 22,807,748 is repayable in 12 equal quarterly instalments of Rs. 1,875,000 and last instalment of Rs. 307,748 commencing from 31 December 2015. The last instalment would be repaid on 31 December 2018.
- Term loan from Bank of India amounting to Rs. 1,016,834 is repayable in 2 equal quarterly instalments of Rs. 682,000 and Rs 334,834 on 30 June 2015 and 30 September 2015 respectively.
- Term loan from Bank of India amounting to Rs. 13,238,432 is repayable in 10 quarterly instalments of Rs. 1,250,000 and last instalment of Rs. 738,432 commencing from 30 April 2015. The last instalment would be due on 30 October 2017.
- Term loan from Bank of India amounting to Rs. 1,071,687 is repayable in one instalment of Rs. 1,071,687 on 30 April 2015.
- Term loan from Corporation Bank amounting to Rs. 16,201,207 (sanctioned amount being Rs. 50,000,000) is repayable in 5 quarterly instalments of Rs.2,778,000 and last instalment of Rs. 2,311,207 commencing from 30 June 2015. The last instalment would be repaid on 30 September 2016.
- Term loan from Corporation Bank amounting to Rs. 24,000,000 (sanctioned amount being Rs. 30,000,000) is repayable in 16 quarterly instalments of Rs. 1,500,000 commencing from 30 June 2015. The last instalment would be repaid on 31 March 2019.
- Term loan from Bank of India amounting to Rs. 21,422,265 (sanctioned amount Rs. 50,000,000) is repayable in 6 quarterly instalments of Rs. 3,125,000 and last instalment of Rs. 2,672,265 commencing from 30 April 2015. The last instalment would be repaid on 31 October 2016.
- Term loan from Bank of India amounting to Rs. 18,816,754 is repayable in 10 quarterly instalments of Rs. 1,718,750 and last instalment of Rs. 1,629,254 commencing from 30 June 2015. The last instalment would be repaid on 31 December 2017.

b. Details of security and terms of repayment of term loans from others

Term loan from Intec Capital limited amounting to Rs. 10,160,134 (previous year Nil) (including current maturities of long term debt amounting to Rs. 1,736,449 (previous year Nil) carrying fixed interest rate of 11.75% is secured by way of hypothecation of the specific asset purchased out of proceeds of the loan. The loan is also personally guaranteed of Chairman and Chief Executive Officer (CEO) of the Company. The loan is to be repaid in 56 monthly intallments as per the repayment schedule in equivated annual installments commencing from 1 April 2015. The last instalment would be repaid on 1 November 2019.

c. Vehicle loans from banks carrying interest rate in the range of 8.5% per annum to 12.25% 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 equivated monthly installments.

d. Inter corporate deposits amounting to Rs. 15,000,000 from VBL Innovations Private Limited carrying interest rate of 16% per annum due for repayment in 20 May 2016.

e. Inter corporate deposit amounting to Rs. 9,300,000 from Vardhan Properties and Investments Limited carrying interest rate of 14% per annum are due for repayment in June 2015 .

f. Public deposits carrying interest rates in the range of 9.5% per annum to 12.5% per annum are repayable in 6 months to 3 years from the respective dates of deposit.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
6. Deferred tax liabilities (net)		
Timing difference on depreciation and amortisation of tangible and intangible assets	58,491,883	66,025,854
Deferred tax assets		
Allowance for bad and doubtful debts	3,050,232	3,549,641
Provision for employee benefits	10,893,160	10,236,470
Provision for bonus	2,403,575	2,183,944
Deferred lease rent payable	895,004	630,845
	<u>41,249,912</u>	<u>49,424,954</u>
7. Other long term liabilities		
Security deposits		
- From related parties (refer note 34)	677,235	677,235
Deferred lease rent payable [(refer note 29(a))]	2,586,117	1,944,354
	<u>3,263,352</u>	<u>2,621,589</u>
8. Long term provisions		
Provision for employee benefits [(Also refer note 8 (a))]	25,842,123	28,300,167
Provision for warranty [(Also refer note 8 (b) and note 29)]	573,164	214,715
	<u>26,415,287</u>	<u>28,514,882</u>
8 (a) Provision for employee benefits		
(i) Defined Contribution Plan: Expenditure on account of Superannuation Scheme taken by the Company with LIC of India in respect of its employee provided in the statement of profit and loss	1,445,253	995,199
(ii) Defined benefit plan/other long term benefit plans		
a. Gratuity		
b. Compensated absences		

The following table set out the status of the plan for gratuity and compensated absences as required under Accounting Standard (AS) - 15 (R) - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	As at 31 March 2015	As at 31 March 2014
Particulars	Gratuity	Gratuity
Actuarial assumptions		
Discount rate	8%	8%
Rate of increase in compensation levels	5%	5%
Rate of return of plan assets	8%	8%

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
Demographic assumptions		
Mortality rate	Indian assured lives mortality (1994-96) Ultimate	Indian assured lives mortality (1994-96) Ultimate
Retirement age	58	58
Withdrawal rates		
-upto 30 years	3%	3%
-upto 44 years	2%	2%
-above 44 years	1%	1%
Change in the present value of obligation:		
Present value of obligation as at the beginning of the year	36,061,859	28,070,433
Interest cost	2,883,571	2,244,258
Current service cost	3,388,343	2,826,761
Benefits paid/payable	(2,015,055)	(2,685,973)
Actuarial loss on obligations	1,758,902	5,606,380
Present value of obligation as at the end of the year	<u>42,077,620</u>	<u>36,061,859</u>
Change in the fair value of plan assets:		
Fair value of plan assets at the beginning of the year	16,329,813	11,241,153
Expected return on plan assets	1,416,683	1,088,302
Contributions	6,994,760	6,686,331
Benefits paid	(2,015,055)	(2,685,973)
Fair value of plan assets at the end of the year	<u>22,726,201</u>	<u>16,329,813</u>
Reconciliation of present value of defined benefit obligation and the fair value of assets:		
Present value of funded obligation as at the end of the year	42,077,620	36,061,859
Fair value of plan assets as at the end of the period funded status	22,726,201	16,329,813
Unfunded/funded net liability recognized in balance sheet*	<u>19,351,419</u>	<u>19,732,046</u>

* includes short term provision of Rs.3,388,343 (previous year Rs. 2,826,761)

Expenses recognised in the statement of profit and loss:

Current service cost	3,388,343	2,826,761
Interest cost	2,883,571	2,244,258
Expected return on plan assets	1,416,683	1,088,302
Net actuarial loss recognized in the year	1,758,902	5,606,380
Total expenses recognized in the statement of profit and loss	<u>6,614,133</u>	<u>9,589,097</u>

Notes :

- 1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
- 2) The expected return is based on the expectation of the average long term rate of return on investments of the fund during the estimated terms of obligations.
- 3) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- 4) Plan assets mainly comprise funds managed by the insurer i.e. Life insurance corporation of India.
- 5) For Gratuity, the Company makes annual contributions to the Life insurance corporation of India ('LIC') of an amount advised by the LIC.
- 6) An amount of Rs. 3,500,000 was paid by the Company on 31 March 2014 but had not been considered by LIC as contributions received as on 31 March 2014, though the same had been considered as contribution made for the year ended 31 March 2014.

Amounts for the current and previous four years are as follows:

	2014-15	2013-14	2012-13	2011-12	2010-11
Gratuity					
Defined benefit obligation	42,077,620	36,061,859	28,070,433	23,923,388	18,652,741
Plan assets	22,726,201	16,329,813	11,241,153	12,070,098	11,898,093
Net liability	<u>19,351,419</u>	<u>19,732,046</u>	<u>16,829,280</u>	<u>11,853,290</u>	<u>6,754,648</u>
Experience adjustment arising on the gratuity benefits	<u>1,758,902</u>	<u>5,606,380</u>	<u>3,248,778</u>	<u>3,497,262</u>	<u>213,600</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

Particulars	Compensated absences	Compensated absences
Actuarial assumptions		
Discount rate	8%	8%
Rate of increase in compensation levels	5%	5%
Demographic assumptions		
Mortality rate	Indian assured lives mortality (1994-96)	Indian assured lives mortality (1994-96)
Retirement age	58	58
Withdrawal rates	10%	10%

8 (b) Reconciliation of provision for warranty	As at 31 March 2015	As at 31 March 2014
Provision at the beginning of the year	214,715	533,036
Less: Reversed during the year	-	318,321
Add: Created during the year	891,485	-
Provision at the end of the year*	<u>1,106,200</u>	<u>214,715</u>

* Includes short term provisions of Rs.533,036 (previous year NIL)

9. Short term borrowings

Secured (refer note 9 (a) below)		
Working capital borrowings from banks	184,481,394	192,016,098
Buyers credit from banks	41,629,538	29,771,845
Unsecured		
Inter corporate deposits		
- from related party (refer note 34)	-	5,000,000
Public deposits	6,344,000	11,586,000
	<u>232,454,932</u>	<u>238,373,943</u>

a. Details of security of short-term secured loans

- Working capital borrowings carrying interest rate varying from 12.50% to 13.25% are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the entire fixed assets of the Company. These loans are also guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company and is repayable on demand.
- Buyers credit from corporation bank amounting to Rs 8,231,865 carrying interest rate 6 month libor plus .80% is secured against hypothecation of inventory and receivables is repayable on demand.
- Buyers credit from IDBI amounting to Rs 26,952,400 carrying interest rate varying from 6 month libor plus .65% to 6 month libor plus 1.25% is secured against hypothecation of inventory and receivables is repayable on demand.
- Buyers credit from bank of India amounting to Rs 6,445,273 carrying interest rate varying from 6 month libor plus 1.2% to 6 month libor plus 1.3% is secured against hypothecation of inventory and receivables is repayable on demand.

10. Trade payables

Dues to micro and small enterprises (Also refer note (a) below)		- -
Dues to others	115,003,450	115,242,059
Dues to related parties (refer note 34)	1,143,550	4,498,340
	<u>116,147,000</u>	<u>119,740,399</u>

a. Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

Amount due to entities covered under Micro and Small Enterprises as defined in the MSMED Act, 2006, have been identified on the basis of information available with the management of the Company. As per the information available with the management of the company, there was no amount due to any such entities which needs to be disclosed.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
10. Trade payables		
Dues to micro and small enterprises (Also refer note (a) below)	-	-
Dues to others	115,003,450	115,242,059
Dues to related parties (refer note 34)	1,143,550	4,498,340
	<u>116,147,000</u>	<u>119,740,399</u>
a. Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006		
Amount due to entities covered under Micro and Small Enterprises as defined in the MSMED Act, 2006, have been identified on the basis of information available with the management of the Company. As per the information available with the management of the company, there was no amount due to any such entities which needs to be disclosed.		
11. Other current liabilities		
Current maturities of long term debts :		
Public deposit		
- from related parties (refer note 34)	1,800,000	3,000,000
- from others	35,554,000	31,489,000
Inter-corporate deposits		
- from related parties (refer note 34)	9,300,000	15,000,000
- from others	-	15,000,000
Term loan (refer note 5)		
- from Banks	65,393,521	65,569,287
- from others	1,736,449	-
Vehicle loan from banks	3,886,361	3,328,025
Interest accrued but not due on borrowings*	13,232,446	11,403,775
Unpaid dividend in Investor Education and Protection Fund**	1,420,904	1,288,986
Other payables		
Statutory dues	10,298,411	8,498,656
Creditors for capital expenditure	2,120,943	884,943
Advances from customers	2,903,552	22,269,384
Employee related payables	34,067,423	33,480,312
	<u>181,714,010</u>	<u>211,212,368</u>
* due to related parties (refer note 34)	<u>77,526</u>	<u>22,049</u>
** Not due for deposit		
12. Short term provisions		
Provision for employees benefits (Also refer note 8(a))	11,334,950	8,925,395
Provision for income tax [Net of advance tax and taxes deducted at source Rs. 31,004,802 (Previous year Rs.13,949,993)]	8,859,975	2,917,049
Others		
Provision for wealth tax	100,000	164,378
Proposed dividend*	18,152,940	13,555,080
Tax on proposed dividend	3,716,755	2,303,686
Provision for warranty (refer note 8(b) and note 29)	533,036	-
	<u>42,697,656</u>	<u>27,865,588</u>

* The Board of Directors have recommended dividend @ 20% (previous year 15%) amounting to Rs 2 (previous year Rs 1.5) per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general meeting.

KDDL Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

13. Fixed assets

For the year ended 31 March 2015

	Gross block		Depreciation/amortisation		Net block	
	As at 1 April 2014	As at 31 March 2015	Charge for the year	Adjusted from reserves	As at 31 March 2015	As at 31 March 2014
Tangibles						
Land	792,659	792,659	-	-	792,659	792,659
-Leasehold	8,263,231	8,263,231	-	-	8,263,231	8,263,231
-Freehold	144,048,516	144,383,266	4,424,653	4,197,838	84,596,729	92,884,470
Buildings	2,130,441	2,130,441	4,316	-	186,342	190,658
Leasehold improvements	832,944,514	874,196,482	52,504,219	16,371,988	383,758,929	407,425,486
Plant and machinery	57,836,684	58,514,588	5,666,200	1,090,169	15,730,139	20,480,157
Furniture and fixtures	12,186,480	13,732,708	1,870,521	2,359,713	3,398,817	6,082,823
Office equipment	35,404,773	38,868,515	5,095,126	1,100,565	21,645,435	22,186,254
Vehicles						
Total (A)	1,093,607,298	1,140,871,890	69,565,035	24,019,708	622,499,609	558,305,738
Intangibles						
Know-how	8,488,688	8,839,123	646,750	-	6,305,591	2,533,532
Software	21,735,271	25,583,646	2,778,806	-	16,985,171	7,528,906
Web portal	7,298,571	7,298,571	1,799,643	-	4,195,858	4,902,356
Total (B)	37,522,530	41,721,340	5,225,199	-	27,486,620	15,261,109
TOTAL (A)+(B)	1,131,129,828	1,182,593,230	74,790,234	24,019,708	649,986,229	573,566,847

For the year ended 31 March 2014

	Gross block		Depreciation/amortisation		Net Block	
	As at 1 April 2013	As at 31 Mar 2014	Charge for the year	As at 31 Mar 2014	As at 31 March 2014	As at 31 March 2013
Tangibles						
Land	792,659	792,659	-	-	792,659	792,659
-Leasehold	8,263,231	8,263,231	-	-	8,263,231	8,263,231
-Freehold	143,953,466	144,048,516	4,378,720	51,164,046	92,884,470	97,168,140
Buildings	6,510,555	2,130,441	396,544	1,939,783	190,658	4,369,575
Leasehold improvements	798,820,219	832,944,514	41,979,923	425,519,028	407,425,486	413,065,401
Plant and machinery	57,154,376	57,836,684	3,077,103	37,356,527	20,480,157	22,393,487
Furniture and fixtures	11,263,865	12,186,480	1,050,968	60,196	6,082,823	6,150,980
Office equipment	31,473,054	35,404,773	2,944,521	522,946	22,186,254	20,676,110
Vehicles						
Total (A)	1,058,231,425	1,093,607,298	53,827,779	3,878,061	535,301,560	72,879,583
Intangibles						
Know-how	7,002,688	8,488,688	1,767,684	5,658,841	2,829,847	3,111,531
Software	19,124,186	21,735,271	2,415,613	14,206,365	7,528,906	7,333,434
Web portal	4,661,921	7,298,571	1,763,913	2,396,215	4,902,356	4,019,619
Total (B)	30,788,795	37,522,530	5,937,210	22,261,421	15,261,109	14,464,584
Total (A)+(B)	1,089,020,220	1,131,129,828	59,764,989	557,562,981	573,566,847	587,344,167

- Depreciation during the year includes Rs. 862,223 (Previous year Rs. 509,036) charged on plant and machinery at EIGEN unit which was utilised for development of in-house tools. Accordingly, such amount has been capitalised under plant and machinery.
- Pursuant to the enactment of Schedule II to Companies Act, 2013 being effective from 1 April 2014, the company has revised depreciation rate on fixed assets as per the useful life specified in part II of Schedule II to the Act and as per management's estimate based on internal valuation. As a result of this change, the depreciation charged for the year ended 31 March 2015 is higher by Rs 13,337,160 and profit before tax would have been higher by such amount and net amount of Rs 15,706,967 (Gross amount Rs 24,019,708 and deferred tax impact Rs 8,312,741) has been adjusted in the opening reserves. (refer note 4)
- Based on the Company's experience, the existing models of tools used for manufacture of watch hands (at KHAN unit) become obsolete in 2 to 3 years and the tools manufactured exclusively to these models also become redundant. The Company's policy of useful life is consistent with dynamics associated with the industry in which it is operating.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
14. Non current investments		
Trade investments (valued at cost unless stated otherwise, unquoted)		
Subsidiaries		
7,550 (previous year 6,550) equity shares of Swiss Franc (CHF) 100 each fully paid up, of Pylania SA, Switzerland.	28,123,935	23,438,435
6,887,418 (previous year 6,887,418) equity shares of Rs.10 each fully paid up of Ethos Limited	69,040,850	69,040,850
136,363 (previous year 136,363) 12% cumulative preference shares of Rs. 110 each fully paid up of Ethos Limited	14,999,930	14,999,930
19230 (previous year Nil) 14% cumulative preference shares of Rs.130 each fully paid up of Ethos Limited	2,499,900	-
5,700,000 (previous year 5,700,000) equity share of Rs 10 each fully paid up of Mahen Distribution Limited	57,000,000	57,000,000
Advance paid for Nil (previous year 1,000) equity shares of Swiss Franc (CHF) 100 each fully paid up, of Pylania SA, Switzerland	-	4,685,500
3,000 (previous year 3,000) equity shares of Swiss Franc (CHF) 100 each fully paid up of Kamla International Holdings SA.*	17,876,064	17,876,064
Associate		
300,000 (previous year 300,000) equity shares of Rs. 10 each fully paid up of Kamla Tesio Dials Limited.	3,000,000	3,000,000
Joint Venture		
1,500,000 (previous year 1,500,000) equity shares of Rs.10 each fully paid up of Satva Jewellery and Design Limited	15,000,000	15,000,000
	<u>207,540,679</u>	<u>205,040,779</u>
Less:		
Provision for diminution in the value of investment, other than temporary in:		
-Kamla Tesio Dials Limited	1,000,000	1,000,000
-Satva Jewellery and Design Limited	15,000,000	13,603,829
-Pylania SA, Switzerland	9,843,377	9,843,377
Aggregate value of trade investments	<u>181,697,302</u>	<u>180,593,573</u>
Non-trade investments (valued at cost unless stated otherwise, unquoted)		
500,000 (previous year 500,000) equity shares of Rs. 10 each fully paid up of Karolview Developers Private Limited	5,000,000	5,000,000
17,500 (previous year 17,500) equity shares of Rs. 10 each fully paid up of Shivalik Waste Management Limited	175,000	175,000
Aggregate value of non-trade investments	<u>5,175,000</u>	<u>5,175,000</u>
	<u>186,872,302</u>	<u>185,768,573</u>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	212,715,679	210,215,779
Aggregate provision for dimunition in value of investments	25,843,377	24,447,206

* These shares were pending allotment in the previous year

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
15. Long term loans and advances (unsecured, considered good, unless otherwise stated)		
Capital advances		
Unsecured, considered good	1,523,397	51,000
Doubtful	200,000	200,000
	<u>1,723,397</u>	<u>251,000</u>
Less: Provision for doubtful capital advance	200,000	200,000
	<u>1,523,397</u>	51,000
Security deposits	11,790,347	6,160,024
Prepaid income taxes [net of provision Rs. 81,708,995 (previous year Rs. 64,830,143)]	40,044,461	38,171,535
Loans and advances to employees	2,688,947	3,302,806
	<u>56,047,152</u>	<u>47,685,365</u>
16. Other non current assets		
Prepaid expenses	237,496	133,537
Non-current bank balances (refer note 19)	-	2,100,000
	<u>237,496</u>	<u>2,233,537</u>
17. Inventories (valued at lower of cost and net realisable value, unless otherwise stated)		
Raw material [including scrap of Rs 355,790 (previous year Rs 648,191)]	122,509,931	109,153,375
Raw material (in transit)	6,112,769	13,715,194
Work-in-progress	49,914,003	55,777,818
Finished goods	13,560,992	3,857,557
Stores and spares	26,884,904	26,453,609
	<u>218,982,599</u>	<u>208,957,553</u>
a. Details of work in progress		
Watch dials	27,816,869	23,512,086
Watch hands	9,161,168	7,519,374
Blank components	9,136,979	16,824,283
Press tools	2,784,596	7,067,678
Ornamental packaging boxes	1,014,391	854,397
	<u>49,914,003</u>	<u>55,777,818</u>
18. Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	2,438,831	2,898,035
Unsecured, Considered doubtful	8,813,662	9,628,867
	<u>11,252,493</u>	<u>12,526,902</u>
Less : Allowances for bad and doubtful debts	8,813,662	9,628,867
	<u>2,438,831</u>	2,898,035
Other debts		
Unsecured, considered good*	177,062,370	178,139,656
Unsecured, Considered doubtful	-	1,311,620
	<u>177,062,370</u>	<u>179,451,276</u>
Less : Allowances for bad and doubtful debts	-	1,311,620
	<u>1,77,062,370</u>	<u>178,139,656</u>
	<u>179,501,201</u>	<u>181,037,691</u>
*due from related parties (refer note 34)	<u>591,599</u>	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
19. Cash and bank balances		
Cash and cash equivalents		
- Cash in hand	667,664	571,036
- Balances with banks in current account	25,200,731	42,602,028
- Unpaid dividend account	1,420,904	1,288,986
Total Cash and cash equivalents	<u>27,289,299</u>	<u>44,462,051</u>
Other bank balances		
- Deposits with maturity more than three months but less than twelve months	34,536,375	21,242,756
- Deposits with more than twelve months maturity	-	2,100,000
	<u>61,825,674</u>	<u>67,804,806</u>
Less : Amounts disclosed as other non-current assets (refer note 16)	-	2,100,000
	<u><u>61,825,674</u></u>	<u><u>65,704,806</u></u>
Notes:		
a) Cash and cash equivalents include Rs 1,420,904 (previous year Rs 1,288,986) held in dividend accounts which is not available for use by the Company.		
b) Rs 34,536,375 (previous year 23,342,756) has been placed as fixed deposits with banks for repayment of deposits as required under section 73 of the Companies Act, 2013 (corresponding to section 58A of the Companies Act, 1956) and margin money for working capital.		
20. Short-term loans and advances (Unsecured, considered good, unless otherwise stated)		
Loans to related parties*		
Subsidiaries	2,028,300	8,146,000
Joint venture (secured)	10,394,200	10,394,200
Recoverable from related parties*		
Subsidiaries	2,056,110	1,197,223
Joint venture	595,176	1,883,159
Entities in which significant influence is exercised	245,733	400,642
Director	1,200,000	-
Others		
Employee loans and advances	14,457,841	14,104,835
Security deposits	-	324,938
Prepaid expenses	6,715,444	4,370,687
Balances with government and statutory authorities	61,162,870	66,204,170
Advance to suppliers		
Others	4,605,250	4,487,441
Related parties*	-	6,996,000
	<u>103,460,924</u>	<u>118,509,295</u>
*Refer note 34		
21. Other current assets		
Interest accrued on fixed deposits	1,538,465	622,062
	<u>1,538,465</u>	<u>622,062</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

	Year ended 31 March 2015	Year ended 31 March 2014
22. Revenue from operations		
Sale of products	1,208,878,353	1,075,354,774
Sale of services	23,305,144	17,194,871
Other operating income		
Export incentives	45,250,501	32,915,567
Miscellaneous sales	30,382,606	25,795,257
Provision no longer required written back	2,631,834	3,620,047
	<u>1,310,448,438</u>	<u>1,154,880,516</u>
a. Details of products sold		
- Manufactured goods		
Watch dials	462,698,263	428,457,229
Watch hands	495,712,664	423,963,053
Blank components	180,322,376	148,466,607
Press tools	12,409,626	6,000,858
Ornamental packaging boxes	57,735,424	68,467,027
	<u>1,208,878,353</u>	<u>1,075,354,774</u>
b. Details of services		
Job charges	7,049,068	5,242,090
Tool development charges	15,656,076	11,652,781
E-commerce business	600,000	300,000
	<u>23,305,144</u>	<u>17,194,871</u>
23. Other income		
Interest income from		
- Banks	2,740,598	2,417,893
- Related party (refer note 34)	600,000	1,507,500
- Others	567,581	262,781
Dividend income	-	6,250
Other non-operating income		
Rent	4,229,884	2,795,494
Foreign exchange fluctuation gain (net)	3,142,766	5,540,249
Miscellaneous income	442,236	-
	<u>11,723,065</u>	<u>12,530,167</u>
24. Cost of materials consumed		
Raw material consumed		
Opening inventories	108,505,184	106,734,343
Add: Purchases during the year	311,387,873	268,579,232
Less: Closing inventories	122,154,141	108,505,184
	<u>297,738,916</u>	<u>266,808,391</u>
a. Details of raw materials and components		
Brass and metal	123,129,820	114,753,281
Components	59,176,410	47,831,984
Others	115,432,686	104,223,126
	<u>297,738,916</u>	<u>266,808,391</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	Year ended 31 March 2015	Year ended 31 March 2014
25. Changes in inventories		
Opening stock		
Finished goods	3,857,557	4,936,763
Work in process	55,777,818	65,207,277
Scrap	648,191	751,777
Closing stock		
Finished goods	13,560,992	3,857,557
Work in process	49,914,003	55,777,818
Scrap	355,790	648,191
Impact of excise duty on opening/closing stock	(581,738)	152,542
	<u>(2,965,481)</u>	<u>10,459,709</u>
26. Employee benefit expenses		
Salaries and wages	316,178,646	278,795,296
Contractual labour expenses	41,457,637	29,599,498
Contribution to provident and other funds	24,277,084	24,691,852
Staff welfare expenses	20,423,551	17,764,361
Employee stock option charge	76,737	170,016
	<u>402,413,655</u>	<u>351,021,023</u>
27. Finance costs		
Interest expense	71,760,216	72,782,794
Other borrowing cost	8,823,292	9,098,553
	<u>80,583,508</u>	<u>81,881,347</u>
28. Depreciation and amortisation expense		
Depreciation (Also, refer note 13)	68,702,812	53,318,743
Amortisation (Also, refer note 13)	5,225,199	5,937,210
	<u>73,928,011</u>	<u>59,255,953</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	Year ended 31 March 2015	Year ended 31 March 2014
29. Other expenses		
Stores and spares consumed	68,052,867	58,759,452
Power, fuel and water charges	34,144,285	30,803,537
Insurance	497,926	338,327
Rent		
- Machinery	1,586,300	1,644,800
- Office and factory premises [(refer note 29 (a))]	16,521,326	17,172,266
- Others	1,085,395	1,066,805
Rates and taxes	3,151,112	4,063,188
Repair and maintenance		
- Plant and machinery	17,155,970	15,340,008
- Buildings	5,712,137	2,898,261
- Others	11,162,245	10,069,480
Legal and professional	22,834,896	20,250,094
Payment to auditors		
- Audit fee	825,000	825,000
- Tax audit fee	75,000	75,000
- Certification (including limited reviews)	463,711	781,867
- Out of pocket expenses	147,249	91,402
Travel and conveyance	35,023,647	37,142,435
Job charges	32,408,772	24,662,949
Printing and stationery	3,593,919	3,540,371
Communication expenses	6,397,756	6,635,124
Subscription and annual fees	1,203,829	1,404,882
Commission	33,295,245	30,546,935
Events and exhibitions	8,418,346	6,088,648
Loss on sale of fixed assets (net)	323,464	737,360
Fixed assets written off	599,153	-
Development charges	843,833	1,048,394
Provision for bad and doubtful debts	-	622,817
Donation	840,000	1,315,463
Bad debts and advances written off	3,779,322	-
Provision for warranty (refer note 8 and note 12)	358,449	-
Directors' sitting fees	755,000	670,676
Miscellaneous expenses	10,769,232	7,298,578
	322,025,386	285,894,121
a) Rent - Office and factory premises include Rs. 641,763 (previous year Rs. 1,944,354) recognised on account of straight lining of lease rent over the lease term in accordance with the provision of Accounting Standard 19 'Accounting for leases'.		
30. Prior period items		
Provision for warranty (Refer note 8(b))	533,036	-
Annual maintenance charges	410,855	-
	943,891	-
	943,891	-
31. Exceptional item		
Provision for other than temporary diminution*	1,396,171	300,000
Fixed assets written off**	-	5,574,860
	1,396,171	5,874,860

*During the year ended 31 March 2015 and 31 March 2014, the Company has provided for other than temporary diminution in the value of its investment in its joint venture, Satva Jewellery and Design Limited amounting to Rs. 1,396,171 and Rs 300,000 respectively considering the erosion of their net worth based on the their financial results as per management estimate and future projections.

**During the year ended 31 March 2014, the Company has closed down two of its units KHIM I situated at Parwanoo and KHAR situated at Barwala. The Company has written off fixed assets comprising of leasehold improvements, plant and machinery, furniture and fixtures and office equipments having net book value of Rs. 2,338,943 at KHIM I and Rs. 3,235,917 at KHAR and the remaining net book values have been transferred to other units of the Company.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
32. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,735,987	849,000
33. Contingent liability not provided for exists in respect of:		
a) Bank guarantees outstanding	47,767,670	39,513,050
b) Bonds in favour of central excise and customs authorities	1,425,000	1,425,000
c) Guarantee given to scheduled banks and non-banking financial company (NBFC) in relation to cash-credit and non-fund based facilities of Rs. 516,000,000 (previous year Rs. 386,000,000) and term loans of Rs. 145,100,000 (previous year Rs. 145,100,000) provided by banks and NBFC to subsidiary companies. Overdraft outstanding as of 31 March 2015 is Rs. 405,866,925 (previous year Rs. 323,951,146) and term loan Rs. 78,972,751 (previous year Rs. 101,346,634) respectively against the facilities availed by subsidiary companies. The Company has also created charge over its various fixed assets with respect to such loans availed by its subsidiary.		
d) Demand raised for Service Tax against which appeals have been filed	219,309	219,309
e) Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs. 372,818 (previous year Rs. 372,818)	372,818	372,818
f) Demand raised for Income tax (assessment year 2004-05 to assessment year 2011-12)	77,753,538	77,753,538
g) Demand made by central excise authority.	8,164,882	8,164,882
h) Surety bonds in favour of sales tax department.	100,000	100,000
i) Custom duty saved against EPCG Licences, pending redemption	12,370,089	19,123,038
j) Claims against the company filed by employees not acknowledged as debt (to the extent ascertainable)	2,033,525	1,155,420

34. Related party disclosures**A. Relationships****I. Subsidiary companies**

Pylania S.A.
Kamla International Holdings SA
Ethos Limited
Mahen Distribution Limited

II. Associates

Kamla Tesio Dials Limited

III. Joint venture

Satva Jewellery and Design Limited

IV. Entities over which significant influence is exercised by the company /key management personnel (either individually or with others)

Jan Seva Trust
Y Saboo (HUF)
Smt. Kamla Devi Saboo Charitable Trust
Vardhan Properties & Investments Limited
Saboo Coatings Limited
VBL Innovations Private Limited
Vardhan International Limited
Shri M.K. Saboo Charitable Trust
Tara Chand Mahendra Kumar (HUF)
Saveeka Family Trust; and
Dream Digital Technology Limited

V. Key management personnel (KMP)**a. Mr. R.K. Saboo (Chairman)**

Relatives *
Ms. U. Saboo (spouse),
Mr. Y. Saboo (son),
Ms. Asha Devi Saboo (brother's spouse)

**b. Mr. Y. Saboo
(Chief Executive Officer)**

Mr. R.K. Saboo (father),
Ms. A. Saboo (spouse),
Ms. Malvika Singh (son's spouse)

**c. Dinesh Agrawal
(Chief Operating Officer)**

Ms Shashi Agrawal (spouse)

*With respect to the key management personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

34. Related Party Disclosure (Continued)

The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2015

S. No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
1	Purchase of raw material and components						
	Pylania SA	360,312	-	-	-	-	-
	Saboo Coatings Limited	-	-	-	3,080,189	-	-
2	Sale of goods and services						
	Pylania SA	23,514,261	-	-	-	-	-
	Ethos Limited	2,143,194	-	-	-	-	-
	Saboo Coatings Limited	-	-	-	130,328	-	-
3	Purchase of fixed assets						
	Pylania SA	578,250	-	-	-	-	-
4	Rent paid by the Company						
	Kamla Tesio Dials Limited	-	800,000	-	-	-	-
	Satva Jewellery & Design Limited	-	-	600,000	-	-	-
	Saboo Coatings Limited	-	-	-	50,000	-	-
	Mr. R.K. Saboo	-	-	-	-	320,592	-
	Mr. Y. Saboo	-	-	-	-	1,645,364	-
	Ms. A. Saboo	-	-	-	-	-	160,452
	Ms. U. Saboo	-	-	-	-	-	64,188
5	Salary of employees recovered						
	Ethos Limited	617,466	-	-	-	-	-
	Vardhan Properties and Investment Limited	-	-	-	144,000	-	-
6	Salary paid to relatives of KMP						
	Ms. Malvika Singh	-	-	-	-	-	642,736
7	Director remuneration						
	Mr. R.K. Saboo	-	-	-	-	3,730,802	-
	Mr. Y. Saboo	-	-	-	-	5,644,736	-
	Mr. Dinesh Agrawal	-	-	-	-	4,196,989	-
8	Interest received						
	Satva Jewellery & Design Limited	-	-	600,000	-	-	-
9	Interest paid/ accrued						
	Vardhan Properties and Investment Limited	-	-	-	1,401,731	-	-
	Saveeka Family Trust	-	-	-	292,561	-	-
	Dream Digital Technology Limited	-	-	-	65,754	-	-
	VBL Innovations Private Limited	-	-	-	2,399,995	-	-
	Mrs Shashi Agarwal	-	-	-	-	-	55,282
	Mrs. Asha Devi Saboo	-	-	-	-	-	125,000
10	Guarantee charges received						
	Pylania SA	212,500	-	-	-	-	-
11	Public deposits accepted						
	Vardhan Properties and Investment Ltd.	-	-	-	700,000	-	-
12	Repayment of Public deposits						
	Saveeka family Trust	-	-	-	2,000,000	-	-
13	Repayment of inter-corporate deposits (ICD)						
	Dream Digital Technology Limited	-	-	-	5,000,000	-	-
14	Amount written back during the period						
	Satva Jewellery and Design Limited	-	-	1,457,715	-	-	-
15	Rent received						
	Ethos Limited	3,445,884	-	-	-	-	-
	Dream Digital Technology Limited	-	-	-	12,000	-	-
	Saboo Coatings Limited	-	-	-	760,000	-	-
16	Loans and advances given by the Company						
	Pylania SA*	20,180,000	-	-	-	-	-
	Satva Jewellery & Design Limited	-	-	100,000	-	-	-
	Mr Dinesh Agrawal	-	-	-	-	1,200,000	-
17	Repayment of loans received by the Company						
	Pylania SA	26,297,700	-	-	-	-	-
18	Reimbursement of expenses paid by the Company						
	Pylania SA	11,418,251	-	-	-	-	-
	Ethos Limited	192,119	-	-	-	-	-
	Dream Digital Technology Limited	-	-	-	136,718	-	-
19	Expenses recovered by the Company						
	Ethos Limited	2,278,859	-	-	-	-	-
	Pylania SA	1,091,228	-	-	-	-	-
	Kamla Tesio Dials Limited	-	33,820	-	-	-	-
	Satva Jewellery & Design Limited	-	-	57,732	-	-	-
	Saboo Coatings Limited	-	-	-	291,011	-	-
	VBL Innovations Private Limited	-	-	-	293,341	-	-
	Dream Digital Technology Limited	-	-	-	1,760,671	-	-
20	Investments made						
	Ethos limited	2,499,900	-	-	-	-	-
21	Management consultancy fees paid						
	Dream Digital Technology Limited	-	-	-	1,620,000	-	-
22	Dividend paid						
	Shri R.K. Saboo HUF	-	-	-	150,930	-	-
	Others	-	-	-	27,002	-	1,825,187
	Mr. R.K. Saboo	-	-	-	-	2,930,911	-
	Mr. Y. Saboo	-	-	-	-	2,258,445	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

34. Related Party Disclosure (Continued)

The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2015

Balances at the end of the year

S. No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
	a. Loans and advances						
	Pylania SA	2,028,300	-	-	-	-	-
	Satva Jewellery and Design Limited	-	-	10,394,200	-	-	-
	Mr Dinesh Agrawal	-	-	-	-	1,200,000	-
	b. Trade receivable						
	Ethos Limited	591,599	-	-	-	-	-
	c. Other receivables/ advances						
	Pylania SA	1,334,005	-	-	-	-	-
	Ethos Limited	722,105	-	-	-	-	-
	Kamla Tesio Dials Limited	-	1,725	-	-	-	-
	Satva Jewellery and Design Limited	-	-	595,176	-	-	-
	Saboo Coatings Limited	-	-	-	86,895	-	-
	Vardhan Properties and Investment Limited	-	-	-	36,000	-	-
	Dream Digital Technology Limited	-	-	-	121,113	-	-
	d. Payables						
	Kamla Tesio Dials Limited	-	211,870	-	-	-	-
	Saboo Coatings Limited	-	-	-	270,871	-	-
	Dream Digital Technology Limited	-	-	-	660,809	-	-
	e. Guarantees taken						
	Mr. R.K. Saboo	-	-	-	-	198,955,026	-
	Mr Y. Saboo	-	-	-	-	198,955,026	-
	f. Security deposit						
	Ethos Limited	677,235	-	-	-	-	-
	g. Guarantees provided						
	Ethos Limited [refer note 33@]	543,111,696	-	-	-	-	-
	Pylania SA*	47,767,670	-	-	-	-	-
	h. Public deposits outstanding						
	Saveeka Family Trust	-	-	-	1,000,000	-	-
	Vardhan Properties and Investment Limited	-	-	-	1,500,000	-	-
	Mrs. Asha Devi Saboo	-	-	-	-	-	1,000,000
	Mrs. Shashi Agrawal	-	-	-	-	-	400,000
	i. Interest on outstanding public deposit						
	Mrs. Shashi Agrawal	-	-	-	-	-	77,526
	j. Inter corporate deposits outstanding						
	Vardhan Properties and Investment Limited	-	-	-	9,300,000	-	-
	VBL Innovations Private Limited	-	-	-	15,000,000	-	-

* The loans and gaurantees given by the Company during the year have been utilised by the subsidiaries for meeting their working capital requirements.

B. The following transactions were carried out with related parties in the ordinary course of business of the year ended 31 March, 2014

S. No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key management Personnel	Relatives of Key Management
1	Purchase of raw material and components						
	Pylania SA	7,446,241	-	-	-	-	-
	Saboo Coatings Limited	-	-	-	2,220,703	-	-
	Vardhan International Limited	-	-	-	242,186	-	-
2	Sale of goods						
	Pylania SA	6,231,461	-	-	-	-	-
	Ethos Limited	285,491	-	-	-	-	-
	Saboo Coatings Limited	-	-	-	9,614	-	-
3	Purchase of fixed assets						
	Pylania SA	260,685	-	-	-	-	-
4	Sale of fixed assets						
	Ethos Limited	274,570	-	-	-	-	-
5	Rent paid by the Company						
	Kamla Tesio Dials Limited	-	800,000	-	-	-	-
	Satva Jewellery & Design Limited	-	-	600,000	-	-	-
	Saboo Coatings Limited	-	-	-	50,000	-	-
	Mr. R.K. Saboo	-	-	-	-	305,328	-
	Mr. Y. Saboo	-	-	-	-	1,499,976	-
	Ms. A. Saboo	-	-	-	-	-	152,808
	Ms. U. Saboo	-	-	-	-	-	61,128
6	Salary of employees paid						
	Ethos Limited	1,952,344	-	-	-	-	-
	Vardhan Properties and Investment Limited	-	-	-	144,000	-	-
	Saboo Coatings Limited	-	-	-	200,000	-	-
	Ms. Malvika Singh	-	-	-	-	-	256,000

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

34. Related Party Disclosure (Continued)

B. The following transactions were carried out with related parties in the ordinary course of business of the year ended 31 March, 2014

S. No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key management Personnel	Relatives of Key Management
7	Directors remuneration						
	Mr. R.K. Saboo	-	-	-	-	3,204,855	-
	Mr. Y. Saboo	-	-	-	-	5,001,465	-
	Mr. Dinesh Agrawal	-	-	-	-	3,215,280	-
8	Interest received						
	Satva Jewellery & Design Limited	-	-	1,507,500	-	-	-
9	Interest paid/ accrued						
	Ethos Limited	747,946	-	-	-	-	-
	Vardhan Properties and Investment Limited	-	-	-	1,116,897	-	-
	Saveeka Family Trust	-	-	-	374,998	-	-
	Dream Digital Technology Limited	-	-	-	258,905	-	-
	VBL Innovations Private Limited	-	-	-	2,399,998	-	-
	Ms. Asha Devi Saboo	-	-	-	-	-	125,000
	Ms. Shashi Agrawal	-	-	-	-	-	38,073
10	Public deposits accepted						
	Ms. Shashi Agrawal	-	-	-	-	-	400,000
11	Repayment of ICD						
	Ethos Limited	20,000,000	-	-	-	-	-
12	Others including rent received						
	Ethos Limited	2,098,727	-	-	-	-	-
	Dream Digital Technology Limited	-	-	-	12,000	-	-
	Saboo Coatings Limited	-	-	-	760,000	-	-
13	Loans and advances given by the Company						
	Pylania SA	15,142,000	-	-	-	-	-
14	Reimbursement of expenses paid by the Company						
	Pylania SA	10,028,359	-	-	-	-	-
	Ethos Limited	73,625	-	-	-	-	-
	Satva Jewellery & Design Limited	-	-	536,369	-	-	-
	Saboo Coatings Limited	-	-	-	10,854	-	-
	Dream Digital Technology Limited	-	-	-	1,185,882	-	-
15	Management consultancy fees paid						
	Dream Digital Technology Limited	-	-	-	1,620,000	-	-
16	Expenses recovered						
	Ethos Limited	7,849,335	-	-	-	-	-
	Pylania SA	582,570	-	-	-	-	-
	Kamla Tesio Dials Limited	-	67,952	-	-	-	-
	Saboo Coatings Limited	-	-	-	145,060	-	-
	Dream Digital Technology Limited	-	-	-	3,680,386	-	-
17	Investments made						
	Kamla International Holdings AG	5,127,000	-	-	-	-	-
18	ICD received						
	Ethos Limited	20,000,000	-	-	-	-	-
	Vardhan Properties and Investment Limited	-	-	-	9,300,000	-	-
	Dream Digital Technology Limited	-	-	-	5,000,000	-	-
19	Security deposit received						
	Ethos Limited	677,235	-	-	-	-	-
20	Dividend paid						
	Mr. R.K. Saboo	-	-	-	-	2,054,560	-
	Mr. Y. Saboo	-	-	-	-	1,505,630	-
	Others	-	-	-	-	-	1,214,791
21	Donation						
	Jan Seva Trust	-	-	-	750,000	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

Balances at the end of the year

S. No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key management Personnel	Relatives of Key Management
	a. Loans						
	Pylania SA	8,146,000	-	-	-	-	-
	Satva Jewellery and Design Limited	-	-	10,394,200	-	-	-
	b. Other receivables/ advances						
	Pylania SA	14,947,977	-	-	-	-	-
	Ethos Limited	227,594	-	-	-	-	-
	Satva Jewellery and Design Limited	-	-	1,883,159	-	-	-
	Saboo Coatings Limited	-	-	-	256,642	-	-
	Vardhan Properties and Investment Limited	-	-	-	144,000	-	-
	c. Payables						
	Pylania SA	2,483,257	-	-	-	-	-
	Ethos Limited	318,230	-	-	-	-	-
	Kamla Tesio Dials Limited	-	727,867	-	-	-	-
	Saboo Coatings Limited	-	-	-	394,472	-	-
	Dream Digital Technology Limited	-	-	-	574,514	-	-
	d. Guarantees taken						
	Mr. R.K. Saboo	-	-	-	-	210,413,814	-
	Mr Y. Saboo	-	-	-	-	210,413,814	-
	e. Security deposit taken						
	Ethos Limited	677,235	-	-	-	-	-
	f. Guarantees provided						
	Ethos Limited	425,297,780	-	-	-	-	-
	Pylania SA	39,513,050	-	-	-	-	-
	g. Public deposits outstanding						
	Saveeka Family Trust	-	-	-	3,000,000	-	-
	Vardhan Properties and Investment Limited	-	-	-	800,000	-	-
	Ms. Asha Devi Saboo	-	-	-	-	-	1,000,000
	Ms. Shashi Agrawal	-	-	-	-	-	400,000
	h. Interest on public deposits outstanding						
	Ms. Shashi Agrawal	-	-	-	-	-	22,049
	i. Inter corporate deposits outstanding						
	Dream Digital Technology Limited	-	-	-	5,000,000	-	-
	Vardhan Properties and Investment Limited	-	-	-	9,300,000	-	-
	VBL Innovations Private Limited	-	-	-	15,000,000	-	-

35. The information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per revised schedule III of Companies Act, 2013

A. Value of imported and indigenous raw materials and components and stores and spares consumed

	Year ended 31 March 2015		Year ended 31 March 2014	
	Amount	Percentage	Amount	Percentage
Raw material and components				
Imported	173,379,788	58.23%	143,443,026	53.76%
Indigenous	124,359,128	41.77%	123,365,365	46.24%
	297,738,916	100.00%	266,808,391	100.00%
Stores and spares				
Imported	29,755,809	43.72%	21,862,487	37.21%
Indigenous	38,297,058	56.28%	36,896,965	62.79%
	68,052,867	100.00%	58,759,452	100.00%

B. Value of imports on CIF basis

a) Capital goods	6,217,593	8,558,557
b) Raw material and components	152,626,921	135,383,613
c) Stores and spares	29,909,021	18,004,840

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	Year ended 31 March 2015	Year ended 31 March 2014
C. Expenditure in foreign currency (on cash basis)		
a) Travelling	3,408,557	4,573,581
b) Technician fee (net of tax)	897,119	573,419
c) Commission on exports	37,119,162	17,923,795
d) Salaries	18,413,898	18,652,131
e) Others	4,344,234	7,376,468
D. Earnings in foreign exchange		
FOB value of exports	774,529,412	691,885,725
Others	22,095,622	7,890,711
E. Net dividend remitted in foreign exchange		
Year of remittance (ending on)		
Period to which it relates	2013-14	2012-13
Number of non-resident shareholders	36	37
Number of equity shares held on which dividend was due	584,730	595,847
Amount remitted	877,100	595,847
36. Earnings per share		
Net profit attributable to equity shareholders		
Profit before exceptional items and after tax	66,458,373	48,267,236
Profit after exceptional items and tax	65,062,202	42,392,377
Number of weighted average equity shares		
Basic	9,045,580	9,036,720
Diluted	9,060,047	9,036,720
Nominal value of equity share (Rs.)		
	10	10
Earnings per share-before exceptional items and after tax		
Basic	7.35	5.34
Diluted	7.34	5.34
Earnings per share-after exceptional items and tax		
Basic	7.19	4.69
Diluted	7.18	4.69
37. Leases		
Operating leases		
The Company has leased some of its premises and some of its fixed assets to a third party under a lease agreement that qualifies as an operating lease. Rental income for operating leases for the years ended 31 March 2015 and 31 March 2014 aggregate to Rs. 4,229,884 and Rs. 744,000 respectively.		
The Company is a lessee under various cancellable and non-cancellable operating leases. Rental expense for operating leases for the years ended 31 March 2015 and 31 March 2014 was Rs. 19,193,021 and Rs. 17,832,377 respectively. The Company has executed non-cancelable operating leases. Expected future minimum lease payments in respect of such leases are as follows:		
Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Year ending after balance sheet date:		
Upto one year	4,764,243	3,498,288
One to five years	28,940,820	20,099,856
More than five years	6,825,668	9,638,524

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

38. Disclosure as per clause 32 of the listing agreement with stock exchanges
Loans and advances given to subsidiaries and associates :

	Year ended 31 March 2015		Year ended 31 March 2014	
	Maximum amount outstanding during the year	Balance outstanding at the year end	Maximum amount outstanding during the year	Balance outstanding at the year end
Satva Jewellery and Design Ltd*	10,394,200	10,394,200	10,394,200	10,394,200
Pylania SA	28,326,000	2,028,300	8,596,000	8,146,000

* Loans are re-payable on maturity or demand, whichever is earlier.

39. Disclosure as per Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures

	Year ended 31 March 2015	Year ended 31 March 2014
Total Assets	14,928,617	17,895,612
50% share of the Company in Joint Venture	7,464,309	8,947,806
Total Liabilities	14,928,617	17,895,612
50% share of the Company in Joint Venture	7,464,309	8,947,806
Income	984,916	888,362
50% share of the Company in Joint Venture	492,458	444,181
Expenses	4,603,908	3,980,995
50% share of the Company in Joint Venture	2,301,954	1,990,498

40. In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee.

(a) In terms with the provisions of the said Act, the Company had to spend a sum of Rs 1,519,217 towards CSR activities during the year ended 31 March 2015.

(b) The details of amount actually spent by the Company are:

S. No.	Particulars	Amount paid in cash	Amount yet to be paid in cash	Total
(i)	Construction of toilets at elementary and government school in Derabassi and Bangalore.	1,608,757	-	1,608,757
(ii)	Contribution to Impact, Gurgaon for education of girl child	110,000	-	110,000
(iii)	Contribution to Smile Foundation, New Delhi for education of under privileged children	450,000	-	450,000
	Total	2,168,757	-	2,168,757

41 KDDL Employee Stock Option Plan-2011 ('ESOP 2011')

(a) The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company planned to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company. The outstanding options as on 31 March 2015 are 39,750.

(b) Fifty percent of the options which have been granted under ESOP 2011 have been vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the year 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. 1,500,000,000 ('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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

(c) The movement in the scheme is set out as under :

Particulars	ESOP 2011		ESOP 2011	
	Year ended March 31, 2015		Year ended March 31, 2014	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	Number	Amount	Number	Amount
Outstanding at the beginning of the year	84,000	120	90,000	120
Granted options	-	-	-	-
Exercise during the year	39,750	120	-	-
Forfeited during the year	-	-	-	-
Expired during the year	4,500	120	6,000	120
Outstanding at the end of year	39,750	120	84,000	120
Number of equity shares of Rs 10 each fully paid to be issued on exercise of option	39,750	120	84,000	120
Weighted average price remaining contractual life (years)				
First Tranche	Not Applicable	Not Applicable	0.5 years	Not Applicable
Second Tranche	1.5 years	Not Applicable	2.5 years	Not applicable

(d) Proforma Accounting for Stock option Grants

The company applies the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plans. Had the compensation cost been determined using fair value approach, the company's net income and basic/diluted earnings per share as reported would have reduced to the proforma amounts as indicated :

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
1. Profit after tax as reported	65,062,202	42,392,377
2. Add : Stock based employee compensation expense debited to statement of profit and loss	76,737	170,016
3. Less : Stock based employee compensation expense based on fair value	(397,692)	(746,725)
4. Difference between (2) and (3)	(320,955)	(576,709)
5. Adjusted to proforma profit	64,741,247	41,815,668
6. Difference between (1) and (5)	320,955	576,709
7. Basic earnings per share as reported	7.19	4.69
8. Proforma basic earnings per share	7.16	4.63
9. Diluted earnings per share as per reported	7.18	4.69
10. Proforma diluted earnings per share	7.15	4.63

(e) The fair value of options, calculated by an external valuer for first and second tranche, was estimated on the date of grant using Black and Scholes model using following significant assumptions :

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Risk Free interest rate (in %)	8.50%	8.50%
Expected Life (in months)	29	29
Volatility (in %)	66.49%	66.49%
Dividend Yield (in %)	1.58%	1.58%

The volatility of the options is based on historical volatility of share prices since the company's share are publicly traded, which may be shorter than the terms of the options.

(f) Details of the weighted average exercise price and fair value of the stock options granted at price below market price :

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Total options granted outstanding	39,750	84,000
Weighted average exercise price (in Rs)	120	120
Weighted average fair value (in Rs)	61.05	61.05

42. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Units of foreign currency	Amount outstanding as at 31 March 2015		Amount outstanding as at 31 March 2014	
		Amount (in FC)	Amount (in INR)	Amount (in FC)	Amount (in INR)
Receivables					
	HKD	247,969	1,973,838	20,695	157,692
	USD	353,823	21,954,734	265,601	15,808,554
	EUR	16,203	1,082,976	9,014	734,274
	CHF	1,245,955	79,432,749	1,392,243	92,878,743
	GBP	493	45,103	-	-
Payables					
	HKD	346,437	2,813,068	189,039	1,597,380
	USD	22,586	1,415,698	24,645	1,479,657
	EUR	5,078	345,467	94	7,779
	CHF	152,033	9,916,817	108,161	7,576,645
	JPY	10,322,116	5,401,191	3,799,173	2,226,315
Commission payable					
	CHF	401,803	26,105,140	462,488	31,472,300
Buyer's credit					
	USD	583,740	36,588,837	966,520	58,029,909
	HKD	620,776	5,040,701	164,865	1,282,650
Advances from customers					
	CHF	2,449	159,104	300,000	20,801,455
	EUR	1,800	122,472	-	-
	USD	170	10,664	-	-

Following are the forward contracts entered into by the Company, which are outstanding as at the year end, in respect of unrecognised firm commitments:

Amount outstanding as at 31 March 2015			Amount outstanding as at 31 March 2014			
Units of Foreign Currency	No. of contracts	(in Foreign Currency)	(in Rupees)	No. of Contracts	(In Foreign Currency)	(in Rupees)
CHF	-	-	-	1	200,000	14,204,000

43. Segment information, as required under AS-17 "Segment Reporting", has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.
44. As per the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of appointing independent consultants for conducting a Transfer Pricing Study (the 'Study') to confirm that the transaction with associate enterprises undertaken during the financial year are on "arms length basis". Management is of the opinion that the company's transactions are at arm's length and that the results of the proposed study will not have any impact on the financial statements and that they do not expect any transfer pricing adjustments.
45. Previous year figures have been regrouped/recasted, wherever considered necessary to make them comparable with those of the current year.

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

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Chandigarh
Dated : 28 May 2015

R. K. SABOO
Chairman
(DIN: 00012194)

S. K. Masown
Chief Financial Officer

Place : Chandigarh
Dated : 28 May 2015

Y. SABOO
Chief Executive Officer
and Vice Chairman
(DIN: 00012158)

P.K. GOYAL
Company Secretary

Independent Auditor's Report

To the Members of KDDL Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of KDDL Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries herein together referred to as "the Group"), its associate and the jointly controlled entity which comprise the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associate and jointly controlled entity, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors of the subsidiaries included in the Group, and of its associate and the jointly controlled entity are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiaries, associate and the jointly controlled entity, which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9(a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, the associate and the jointly controlled entity as noted below, the aforesaid consolidated financial statements give the information required by 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 jointly controlled entity as at 31 March 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

9. (a) We did not audit the financial statements of two Indian subsidiaries and the jointly controlled entity, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs 1,895,995,347 as at 31 March 2015, total revenues (after eliminating intra-group transactions) of Rs 2,830,621,941 and net cash flows amounting to Rs 6,695,165 for the year ended on that date. The consolidated financial statements also include the Group's share of net

loss of Rs 37,405 for the year ended 31 March 2015, as considered in the consolidated financial statements, in respect of an associate, whose financial information has not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entity and associate, is based solely on the reports of the other auditors.

- (b) We did not audit the financial statements of two foreign subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs 115,125,395 as at 31 March 2015, total revenues (after eliminating intra-group transactions) of Rs 52,243,554 and net cash flows amounting to Rs 6,867,404 for the year ended on that date. These financial statements have been examined by other auditors whose examination reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid foreign subsidiaries, is based solely on the examination reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and based on the comments in the auditor's reports of the subsidiary companies, associate company and the jointly controlled company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, and based on the auditor's reports of the, subsidiaries, associate and jointly controlled entity, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial

statements have been kept so far as it appears from our examination of those books and the reports of the other auditors:

- c) The consolidated financial statements dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements:
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate company and jointly controlled company incorporated in India, none of the directors of the Group companies, its associate company and the jointly controlled company, incorporated in India is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i)As detailed in note 34 (c) to 34 (f) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and the jointly controlled entity;
- (ii)The Group, its associate and the jointly controlled entity 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, and its subsidiary companies, associate company and jointly controlled company incorporated in India.

For **Walker Chandiook & Co LLP**
(formerly Walker, Chandiook & Co)
Chartered Accountants
Firm's Registration No.: 001076N

per **Lalit Kumar**
Partner
Membership No.: 095256

Place: Chandigarh
Date: 28 May 2015

Annexure to the Independent Auditors' Report of even date to the members of KDDL Limited, on the consolidated financial statements for the year ended 31 March 2015.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the consolidated financial statements of the Holding Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit and based on the comments in the auditor's reports of the subsidiary companies, associate company and jointly controlled company incorporated in India, we report that:

- (i) (a) The Holding Company, subsidiary companies, the associate company and the jointly controlled company incorporated in India have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Holding Company, subsidiary companies, the associate company and the jointly controlled company incorporated in India have a policy of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Group and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.
- (ii) (a) The management of the holding Company and subsidiary companies have conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. The associate company and the jointly controlled company incorporated in India did not have any inventory during the year. Accordingly, the provisions of the Clause 3(ii) are not applicable to them.
 - (b) The procedures of physical verification of inventory followed by the management of the holding company and subsidiary companies are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The holding company and subsidiary companies is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The holding company has granted secured loans to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) the repayment of principal amount and the payment of interest accrued thereon did not fall due during the period covered by our audit; and
 - (b) there is no overdue amount in respect of loans granted to such company.

The subsidiary companies, the associate company and the jointly

controlled company incorporated in India have not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of the clauses 3(iii)(a) and 3(iii)(b) of the order are not applicable to them.

- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the holding company, subsidiary companies, the associate company and the jointly controlled company incorporated in India and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) In our opinion, the holding Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard. The subsidiary companies, the associate company and the jointly controlled company incorporated in India have not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of holding company, subsidiary companies, the associate company and the jointly controlled company incorporated in India's products and services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues in case of holding company, subsidiary companies, the associate company and the jointly controlled company incorporated in India including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, except in case of a subsidiary company for professional tax where there have been delays in large number of cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
 - (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Annexure to the Independent Auditors' Report of even date to the members of KDDL Limited, on the consolidated financial statements for the year ended 31 March 2015. (Contd.)

Name of the statute	Nature of dues	Amount (Rs) (Rs)	Amount Paid Under Protest amount relates	Period to to which the	Company	Forum where dispute is pending
Central Excise Act, 1944	Central Excise	8,164,882	-	July 2000-Feb 2003	Holding Company	Custom Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service tax	219,309	-	July 2004-March 2005	Holding Company	Custom Excise and Service Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	4,046,108	4,046,108	FY 2003-04	Holding Company	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	13,203,431	-	FY 2004-05	Holding Company	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	10,625,400	10,625,400	FY 2005-06	Holding Company	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	11,683,230	7,473,770	FY 2007-08	Holding Company	Commissioner of Income-tax(Appeals), New Delhi
Income-tax Act, 1961	Income-tax	9,393,730	5,014,427	FY 2008-09	Holding Company	Commissioner of Income-tax (Appeals), New Delhi
Income-tax Act, 1961	Income-tax	13,437,820	5,606,407	FY 2006-07	Holding Company	Commissioner of Income-tax (Appeals), New Delhi
Income-tax Act, 1961	Income-tax	28,567,250	-	FY 2010-11	Holding Company	Commissioner of Income-tax (Appeals), New Delhi
Income-tax Act, 1961	Income-tax	1,028,770	-	FY 2011-12	Subsidiary Company	Commissioner of Income-tax (Appeals), New Delhi
Finance Act, 1944	Cenvat Credit	48,553,342	17,000,000*	FY 2008-09 and 2010-11	Subsidiary Company	Custom Excise and Service Tax Appellate Tribunal

*paid under protest by utilizing CENVAT credit.

Annexure to the Independent Auditors' Report of even date to the members of KDDL Limited, on the consolidated financial statements for the year ended 31 March 2015. (Contd.)

- (c) The holding company has transferred the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies, the associate company and the jointly controlled company incorporated in India in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii) (c) of the Order are not applicable to them.
- (viii) In our opinion, the holding company and one of the subsidiary company incorporated in India does not have accumulated losses at end of the financial year, the other subsidiaries companies incorporated in India have accumulated loss of Rs. 468,787 and the associated company incorporated in India has accumulated loss of Rs.1,591,271 at end of the financial year. The holding company, subsidiary companies and the associated company incorporated in India has not incurred cash losses in the current and the immediately preceding financial year.
- The net worth of the jointly controlled entity in India has completely eroded and it has incurred cash losses in the the current and the immediately preceding financial year.
- (ix) The holding company, subsidiary company, the associate company and the jointly controlled company incorporated in India have not defaulted in repayment of dues to any bank or financial institution during the year. The holding company did not have any outstanding debentures during the year. The subsidiary companies, the associate company and the jointly controlled company incorporated in India did not have any outstanding debentures or dues to financial institutions

during the year.

- (x) In our opinion, the terms and conditions on which the holding company has given guarantee for loans taken by others from banks or financial institutions are not, *prima facie*, prejudicial to the interest of the Company. The subsidiary companies, the associate company and the jointly controlled company incorporated in India have not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, provisions of clause 3(x) are not applicable to them.
- (xi) In our opinion, the holding company and the subsidiary companies have applied the term loans for the purpose for which these loans were obtained. The associate company and the jointly controlled company incorporated in India did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(xi) are not applicable to them.
- (xii) No fraud on or by the holding company, subsidiary companies, the associate company and the jointly controlled company incorporated in India have been noticed or reported during the period covered by our audit.

For **Walker Chandiook & Co LLP**
(formerly Walker, Chandiook & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**
Partner
Membership No.: 095256
Place: Chandigarh
Date: 28 May 2015

Consolidated Balance sheet as at 31 March 2015

(All amount in rupees, unless stated otherwise)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	91,636,100	91,238,600
Reserves and surplus	3	<u>423,686,407</u>	<u>390,534,889</u>
		515,322,508	481,773,489
Minority interest		253,972,651	182,548,751
Non-current liabilities			
Long-term borrowings	4	363,748,750	408,907,848
Deferred tax liabilities (net)	5	28,071,891	42,504,803
Other long term liabilities	6	18,396,885	14,412,246
Long-term provisions	7	<u>33,227,735</u>	<u>33,996,077</u>
		443,445,261	499,820,974
Current liabilities			
Short-term borrowings	8	708,465,219	567,636,745
Trade payables	9	856,214,589	683,448,148
Other current liabilities	10	293,993,109	343,586,492
Short-term provisions	11	<u>112,394,588</u>	<u>65,052,774</u>
		1,971,067,505	1,659,724,159
Total		<u>3,183,807,924</u>	<u>2,823,867,373</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	723,153,154	773,289,465
Intangible assets	12	20,248,345	18,804,741
Capital work-in-progress		25,184,835	8,516,507
Intangible assets under development		-	1,240,624
Non-current investments	13	7,760,423	7,797,828
Long-term loans and advances	14	173,431,314	153,054,784
Other non-current assets	15	<u>1,159,624</u>	<u>3,781,293</u>
		950,937,695	966,485,242
Current assets			
Inventories	16	1,686,962,644	1,362,354,317
Trade receivables	17	248,374,696	206,476,979
Cash and bank balances	18	130,494,251	120,810,814
Short-term loans and advances	19	164,081,316	166,571,162
Other current assets	20	<u>2,957,322</u>	<u>1,168,859</u>
		2,232,870,229	1,857,382,131
Total		<u>3,183,807,924</u>	<u>2,823,867,373</u>

Notes 1 to 49 form an integral part of these consolidated financial statements

This is the consolidated balance sheet referred to in our report of even date

For **Walker Chandiook & Co LLP**
(Formerly Walker, Chandiook & Co)
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Chandigarh
Date : 28 May 2015

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

R. K. SABOO
Chairman
(DIN: 00012194)

S. K. Masown
Chief Financial Officer

Place : Chandigarh
Date : 28 May 2015

Y. SABOO
Chief Executive Officer
and Vice Chairman
(DIN: 00012158)

P.K. GOYAL
Company Secretary

Consolidated statement of Profit and Loss for the year ended 31 March 2015

(All amount in rupees, unless stated otherwise)

	Note	Year ended 31 March 2015	Year ended 31 March 2014
REVENUE			
Revenue from operations (gross)	21	4,159,190,461	3,386,078,012
Less: Excise duty		42,067,420	38,853,058
Revenue from operations (net)		4,117,123,041	3,347,224,954
Other income	22	19,976,584	34,926,199
Total revenue		4,137,099,625	3,382,151,153
EXPENDITURE			
Cost of materials consumed	23	302,207,697	266,522,468
Purchase of traded goods	24	2,415,925,917	1,855,726,078
Cost of services rendered		2,080,697	2,835,050
Changes in inventories	25	(324,059,240)	(223,565,117)
Employee benefit expenses	26	583,418,231	498,840,543
Finance costs	27	153,371,185	141,646,639
Depreciation and amortisation expense	28	118,152,217	80,320,521
Other expenses	29	746,282,924	645,617,881
Prior period expenditure	30	943,891	-
Total expenses		3,998,323,519	3,267,944,063
Profit before exceptional items and tax		138,776,106	114,207,090
Exceptional items	31	-	5,574,860
Profit before tax		138,776,106	108,632,230
Tax expense:			
Current tax		56,034,997	23,033,828
Minimum alternate tax credit entitlement		(102,182)	(1,202,484)
Deferred tax		(5,117,789)	(2,859,641)
Deferred tax adjustment - earlier years		-	751,536
Profit after tax before minority interest / share of profit (loss) in associates		87,961,080	88,908,990
Share in (loss)/profit of associates		(37,405)	18,632
Adjustment for minority interest		(1,445,745)	(3,765,755)
Net profit for the year		86,477,930	85,161,867
Earnings per share-before exceptional items and after tax	39		
(1) Basic		9.56	10.04
(2) Diluted		9.54	10.04
Earnings per share-after exceptional items and tax			
(1) Basic		9.56	9.42
(2) Diluted		9.54	9.42

Notes 1 to 49 form an integral part of these consolidated financial statements

This is the consolidated statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Chandigarh
Date : 28 May 2015

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

R. K. SABOO
Chairman
(DIN: 00012194)

S. K. Masown
Chief Financial Officer

Place : Chandigarh
Date : 28 May 2015

Y. SABOO
Chief Executive Officer
and Vice Chairman
(DIN: 00012158)

P.K. GOYAL
Company Secretary

Consolidated cash flow statement for the year ended 31 March 2015

(All amount in rupees, unless stated otherwise)

	Year ended 31 March 2015	Year ended 31 March 2014
A. Cash flow from operating activities		
Net profit before tax	138,776,106	108,632,230
Adjustments for:		
Depreciation and amortisation	118,152,217	80,320,521
Loss on sale / write off of assets (net)	3,653,160	8,404,642
Expense on employee stock option scheme	76,737	170,016
Finance costs	143,965,901	128,075,265
Interest income	(4,874,343)	(4,527,948)
Dividend income	-	(6,250)
Provisions no longer required written back	(9,158,419)	(4,736,465)
Provision for warranty	358,449	-
Bad debts and advances written off	3,779,322	1,845,077
Provision for doubtful advances	846,796	692,348
Foreign exchange translation reserve arising on consolidation	4,812,949	(11,437,078)
Operating profit before working capital changes	400,388,875	307,432,358
Adjustments for movement in:		
Inventories	(324,608,327)	(226,813,660)
Trade receivables	(42,092,500)	(32,463,761)
Short-term loans and advances	291,049	(61,637,504)
Long-term loans and advances	(23,428,539)	29,327,719
Other current assets	(716,790)	810,782
Other non-current assets	(152,389)	(1,703,360)
Trade payables	181,924,860	207,445,056
Other current liabilities	(15,513,092)	31,485,639
Other long-term liabilities	3,984,639	(17,102,756)
Short-term provisions	5,648,829	(702,321)
Long-term provisions	(593,755)	6,953,950
Cash flow from operating activities before taxes	185,132,860	243,032,142
Income taxes	(46,808,530)	(20,242,889)
Net cash flow from operating activities (A)	138,324,330	222,789,253
B. Cash flow from investing activities:		
Purchase of fixed assets (including capital advances and creditors for capital expenditure)	(116,698,907)	(113,133,830)
Proceeds from sale of fixed assets	1,080,438	4,113,325
Impact of translation on assets of foreign subsidiary	3,413,711	(12,273,735)
Purchase of investments	-	(2,041,500)
Interest received	4,037,432	4,706,566
Dividend received	-	6,250
Bank balances not considered as cash and cash equivalents		
-Deposits	(42,039,838)	(49,847,145)
-Matured	30,679,645	47,940,175
Net cash used in investing activities (B)	(119,527,519)	(120,529,894)

Consolidated cash flow statement for the year ended 31 March 2015
(All amount in rupees, unless stated otherwise)

	Year ended 31 March 2015	Year ended 31 March 2014
C. Cash flow from financing activities:		
Proceeds from issue of equity shares (including premium)	4,770,000	-
Proceeds from issue of shares to minority		
- Equity shares	1,202,500	-
- Preference shares	69,250,220	-
Proceeds from long-term borrowings (including current maturities)	18,359,794	129,155,786
Repayment of long-term borrowings (including current maturities)	(97,794,654)	(57,946,377)
Proceeds from short-term borrowings	151,070,474	6,732,587
Repayment of short-term borrowings	(10,242,000)	(1,384,461)
Interest paid	(143,770,430)	(128,683,328)
Dividend paid (including tax thereon)	(15,858,766)	(10,502,476)
Net cash used in financing activities (c)	(23,012,862)	(62,628,269)
D. Net decrease in cash and cash equivalents (A+B+C)	(4,216,051)	39,631,091
E. Cash and cash equivalents at the beginning of the year	90,021,359	50,390,268
F. Closing cash and cash equivalents (D+E)	85,805,308	90,021,359

Notes:

- a) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 (AS-3) on "Cash flow statements" as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

b) **Cash and cash equivalents include:**

	Year ended 31 March 2015	Year ended 31 March 2014
Cash in hand	8,534,778	19,172,526
Cheques and drafts in hand	2,240,632	5,381,332
Credit cards receivable	7,305,728	9,806,984
Balances with banks	66,303,266	54,371,531
In equity dividend accounts	1,420,904	1,288,986
	85,805,308	90,021,359
Excluding the following:		
- Deposits with maturity more than three months but less than twelve months [refer note (b) below]	34,536,375	21,242,756
- Deposits with more than twelve months maturity [refer note (c) below]	385,000	2,924,296
- Balances with banks in deposit accounts held as margin Money [refer note (c) below]	10,152,568	9,546,699
	130,879,251	123,735,110
Less : Amounts disclosed as other non-current assets (refer note 15)	(385,000)	(2,924,296)
Cash and bank balances	130,494,251	120,810,814

- c) Negative figures have been shown in brackets.
d) Cash and cash equivalents include Rs 1,420,904 (previous year Rs 1,288,986) held in dividend accounts which is not available for use by the Company.

Notes 1 to 49 form an integral part of these consolidated financial statements

This is the consolidated Cash Flow statement referred to in our report of even date

For **Walker Chandio & Co LLP**
(Formerly Walker, Chandio & Co)
Chartered Accountants

Per **Lalit Kumar**
Partner
Place : Chandigarh
Date : 28 May 2015

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

R. K. SABOO
Chairman
(DIN: 00012194)

S. K. Masown
Chief Financial Officer

Place : Chandigarh
Date : 28 May 2015

Y. SABOO
Chief Executive Officer
and Vice Chairman
(DIN: 00012158)

P.K. GOYAL
Company Secretary

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

1. Significant accounting policies

a) Principles of Consolidation

The consolidated financial statements include the financial statements of KDDL Limited ("KDDL" or the "Parent Company" or the "Company"), its subsidiaries, associate and joint venture (collectively referred to as "Group").

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"

Interest in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".

In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Exchange Fluctuation Reserve.

The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated Profit and Loss Statement being the profit or loss on disposal of investment in subsidiary.

Minority interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

b) Basis of preparation

These financial statements have been prepared under the historical cost convention on a going concern basis, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). Indian GAAP comprises mandatory accounting standards as specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other accounting pronouncements of The Institute of Chartered Accountants of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of its assets and liabilities.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

c) **Use of estimates**

In preparing the Group's financial statements in conformity with accounting principles generally accepted in India, the management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the period the same is determined.

d) **Revenue recognition**

- a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty, net of trade discounts, sales return and sales tax wherever applicable.
- b) Commission from sale of goods, received on consignment basis, is recognised on accrual basis.
- c) Export entitlements under the Duty Entitlement Pass Book scheme are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.
- d) Revenue in respect of tool development and job charges is recognised as per the terms of the contract with the customers.
- e) Interest income is recognized on a time proportion basis, taking into account the amount outstanding and the rates applicable.
- f) Dividend income is recognized when the Company's right to receive the same is established.

e) **Fixed assets**

Tangible assets

Fixed assets are stated at cost (gross block) less accumulated depreciation and adjusted for impairment losses. Cost comprises the purchase price (net of Cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on account of modification / alteration in plant and machinery / building, which increases the future benefit from the existing asset beyond its previous assessed standard of performance, is capitalized.

Borrowing costs directly attributable to acquisition or construction of fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Assets acquired on hire purchase are capitalised at the inception of the hire purchase agreement. Interest cost is charged to statement of profit and loss on accrual basis.

Intangible assets

Intangible assets are stated at cost (gross block) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

f) Depreciation and amortization

Pursuant to the notification in Part II of Schedule II to the Companies Act, 2013, effective from 1 April 2014, the management has reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for year ended 31 March 2015 is provided on straight line method based on life prescribed as per Schedule II of the Companies Act, 2013.

Block of asset	Useful life as per Companies Act, 2013 (in years)
Buildings	30-60
Plant and machinery	15
Furniture and fixture	10
Office equipment	5
Computers	3
Vehicles	8 – 10

Depreciation on improvements carried out on buildings taken on lease (included under buildings) is provided over the period of the lease or useful life of the assets, whichever is lower.

Depreciation on a particular class of dies and tools manufactured by the Parent Company and put to use after 1 April 2003 is provided over a period of 3 years.

The above rates of depreciation are indicative of the useful lives of the assets.

- The cost of leasehold land is not amortised as these are perpetual leases.
 - Goodwill is amortised over a period of 5 years.
 - Know-how is amortised over a period of four years.
- Software is amortised over a period not exceeding six years.

For Pylania SA (foreign subsidiary) depreciation charge is provided on straight line method based on the estimated economic useful life of the assets using the rates stated below :

Description	Rates
Buildings – factory	1.5% to 8.5%
Plant and machinery	10% to 15%
Office equipment	8.5% to 15%
Motor vehicles	48%

g) Inventories

Inventories are valued as follows:

1. **Raw materials and components, stores and spares, finished goods and stock in process:** At lower of cost or net realisable value.
2. Cost of inventories is ascertained on the following basis:
 - a) Raw materials and components and stores and spares cost includes material cost, custom duty, freight and related direct expenses incurred in bringing the inventories to present location and condition. Cost is determined on moving weighted average basis.
 - b) Goods purchased for re-sale – moving weighted average basis.
 - c) Work in progress is valued at raw material cost plus conversion costs depending upon the stage of completion.
 - d) Finished goods are stated at the lower of cost or net realizable value. Cost is determined using moving weighted average cost basis and includes the raw material cost plus conversion costs, packing cost and other overheads costs incurred to bring the goods to their present location and condition.

h) Investments

Long-term investments (other than those accounted for using the equity method of accounting) are stated at cost. Provision is made for diminution in the value of long-term investments to recognise decline, if any, other than temporary in nature.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investment.

i) Employee Stock Option Scheme (ESOS)

Stock options granted to the employees under the stock options schemes are accounted at intrinsic value as per the accounting treatment prescribed by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') and guidance note on Employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price, determined as per the guidelines and guidance note, of underlying equity shares (market value), over the exercise price of the options is recognised as deferred stock compensation expense and is charged to statement of profit and loss on a straight line basis over the vesting period of the options. The amortised portion of the cost is shown under shareholders' funds.

j) Foreign Currency transactions

Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment. Transactions in foreign currencies are recorded at the rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date. Differences arising on foreign currency translations of transactions settled during the year are recognised in the statement of profit and loss.

The foreign subsidiary has been identified as non-integral operations in accordance with requirement of Accounting Standard 11 ('AS 11') 'Effect of change in Foreign Exchange Rates'. In accordance with AS 11, the Financial statement of non-integral foreign operations are translated to Indian rupees as follows:

- a) All assets and liabilities, both monetary and non-monetary are translated using the closing rate.
- b) Revenue items are translated at the respective monthly average rates.
- c) The resulting net exchange difference is credited or debited to a foreign currency translation reserve.

Indian Rupee is the reporting currency of the Group. However, the local currencies of the overseas associate and a foreign subsidiary (having operations integral to that of the Parent Company) are different from the reporting currency of the Group. The translation of the results of the overseas associate and the foreign subsidiary is performed as if the transactions of such entities had been those of the Parent Company itself.

Forward exchange contracts not covered under AS 11, that are entered to hedge the foreign currency risk of highly probable forecast transactions and unrecognized firm commitments are marked to market at the balance sheet date and exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

The premium or discount arising at the inception of the forward contracts other than those entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

k) Employee benefits

Short term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, bonus, etc are recognized in the statement of profit and loss in the period in which the employee renders the related service.

Post-employment benefits

a) Defined contribution plan

The company makes specified contribution towards employee provident fund to Employees Provident Fund

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

administered by the Regional Provident Commissioner. The Company's contribution to provident fund, being a defined contribution plan, is recognized in the statement of profit and loss in the financial year to which it relates.

In respect of superannuation, the Company makes contribution to Life Insurance Corporation of India ("LIC") of an amount payable by the trusts to LIC, which is charged to the statement of profit and loss.

b) Defined benefit plan

Gratuity is a post-employment defined benefit plan. The present value of obligation for gratuity is determined based on actuarial valuation using the Projected Unit Credit Method, less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Gratuity and superannuation funds are administered by trustees of independently constituted trusts.

Other long term liability

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability determined based on actuarial valuation using the Projected Unit Credit Method at the balance sheet date.

Actuarial gains/losses

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise.

l) Taxes on income

Tax expense comprises current tax and deferred income tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses can be realized.

Minimum Alternate tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

m) Earnings per share

The earnings considered in ascertaining the Group's earnings per share comprise the net profit or loss for the year attributable to the equity shareholders. Earnings per share are computed using the weighted average number of shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

n) Club Echo points

Club echo points accrued to the customer as a part of the loyalty programme, is provided for based on management's past experience.

o) Leases

Lease rentals in respect of assets taken under an operating lease are charged to the statement of profit and loss on accrual basis.

In respect of assets given on operating lease, income is being recognised on a straight line basis over the lease term.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

p) Contingent liabilities and provisions

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation at the reporting date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Group does not recognize assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs.

q) Impairment of assets

The carrying values of assets / cash generating units are reviewed for impairment at each Balance Sheet date in accordance with Accounting Standard – AS 28 'Impairment of Assets' to determine whether there is any indication of impairment by the management of the Group. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets

r) Cash and cash equivalents

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

s) Segment reporting policies

The accounting policies adopted for segment reporting are in line with those of the Group with the following additional policies for segment reporting:

- a) Inter segment revenues have been accounted for based on the transaction price agreed to between segments at estimated cost of the transferor segment.
- b) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- c) Revenues and expenses, which relate to the group as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses". Unallocated corporate expense also includes taxes and finance charges and other unallocable corporate expenses.
- d) Assets and liabilities, which relate to the group as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated corporate assets and liabilities respectively.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
2. Share capital				
a) Authorised Share Capital				
Equity shares of Rs. 10 each	12,480,000	124,800,000	12,480,000	124,800,000
b) Issued, subscribed and fully paid up				
(i) Issued	9,250,750	92,507,500	9,211,000	92,110,000
(ii) Subscribed and fully paid up	9,076,470	90,764,700	9,036,720	90,367,200
(iii) Shares forfeited	174,280	871,400	174,280	871,400
	9,250,750	91,636,100	9,211,000	91,238,600

a. The Parent Company has only one class of equity shares having a par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Parent Company, holders of equity shares will be entitled to receive any of the remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

b. Reconciliation of equity share capital

	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
Equity share capital of Rs. 10 each fully paid up				
Balance at the beginning of the year	9,036,720	90,367,200	9,036,720	90,367,200
Add: Shares issued pursuant to exercise of Employee Stock option scheme	39,750	397,500	-	-
Balance at the end of the year	9,076,470	90,764,700	9,036,720	90,367,200

There is no movement in forfeited equity shares of Rs. 10 each, Rs. 5 paid up during the current and previous year.

c. Shareholders holding more than 5% of equity share capital

	Number	Percentage	Number	Percentage
R. K. Saboo	2,054,560	22.64%	2,054,560	22.74%
Y. Saboo	1,505,630	16.59%	1,505,630	16.66%

d. Shares reserved for issue under options and other commitments

As on 31 March 2015, 39,750 (previous year : 84,000) equity shares have been reserved for issue under the Employee Stock Plan of the company (Refer note 43).

e. Utilisation of proceeds received pursuant to issue of shares

The Company has allotted 39,750 equity shares of face value of Rs 10 each during the year ended 31 March 2015 to the eligible employees on account of exercise of vested stock under Employee Stock Option Plan 2011. Consequent to the said allotment, the Company has received Rs. 4,770,000 as allotment money. Out of such proceeds, Rs 3,330,000 has been utilised by the Company for meeting its working capital requirements. The outstanding balance of Rs 1,440,000 has been kept in a separate bank account.

f. Shares issued for consideration other than cash

The Company has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Company has not issued any bonus shares nor has there been any buy-back of shares in the current year and preceding five years.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
3. Reserves and surplus		
Central investment subsidy	2,500,000	2,500,000
State investment subsidy	3,000,000	3,000,000
Profit on re-issue of forfeited shares	9,125	9,125
Profit on forfeiture of zero coupon convertible warrants	1,025	1,025
Capital reserve		
Balance at the beginning of the year	7,073,617	132,517
Add: Additions made during the year (refer note 38)	-	6,941,100
Less: Amount transferred to minority interest	(166)	-
Balance at the end of the year	<u>7,073,451</u>	<u>7,073,617</u>
Securities premium reserve		
Balance at the beginning of the year	294,400,251	294,400,251
Add: Additions made during the year on allotment of equity shares on exercise of Employee Stock Option Scheme	4,925,025	-
Add : Issue made during the year	2,722,650	-
Less: Amount transferred to minority interest	(537,665)	-
Balance at the end of the year	<u>301,510,261</u>	<u>294,400,251</u>
Employee stock options outstanding		
At the commencement of the year	1,167,600	1,251,000
Add: Options granted during the year	-	-
Less: Options exercised during the year	(552,525)	-
Less: Options expired during the year	(62,550)	(83,400)
Employee stock option at the end of the year (i)	<u>552,525</u>	<u>1,167,600</u>
Deferred employee stock option expense		
At the commencement of the year	264,410	517,826
Add: Options granted during the year	-	-
Less: Amortisation and other movements during the year*	(139,287)	(253,416)
At the end of the year (ii)	<u>125,123</u>	<u>264,410</u>
(i)-(ii)	<u>427,402</u>	<u>903,190</u>
* Employee stock option expense net off impact of options expired during the year (Refer note 26)	76,737	170,016
Foreign currency translation reserve		
As per last balance sheet	(15,134,114)	(654,206)
Less: Adjustment during the year (also refer note 38)	4,812,949	(14,479,908)
Add: Transferred from minority interest	-	-
Balance at the end of the year	<u>(10,321,165)</u>	<u>(15,134,114)</u>
General reserve		
Balance at the beginning of the year	124,952,889	122,833,159
Add: Transferred from statement of profit and loss	30,000,000	2,119,730
Balance at the end of the year	<u>154,952,889</u>	<u>124,952,889</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
Deficit in the statement of profit and loss		
Balance at the beginning of the year	(40,876,906)	(92,662,692)
Less : Transfer to minority interest out of reserves	(124,247)	-
Add: Transferred from statement of profit and loss	86,477,930	85,161,867
Less: Depreciation adjustment from reserves (refer note 12)	(27,086,981)	
Deferred tax impact of depreciation adjusted from reserves (refer note 12)	<u>9,315,123</u>	-
Less: Appropriations		
Dividend on cumulative preference shares (refer note 46)	(25,007,617)	(15,397,585)
Proposed dividend on equity shares	(18,152,940)	(13,555,080)
Tax on proposed dividend	(3,716,755)	(2,303,686)
Transfer to general reserve	(30,000,000)	(2,119,730)
Balance at the end of the year	<u>(49,172,393)</u>	<u>(40,876,906)</u>
Revaluation reserve		
As per last balance sheet	<u>13,705,812</u>	13,705,812
Balance at the end of the year	<u>13,705,812</u>	<u>13,705,812</u>
	<u>423,686,407</u>	<u>390,534,889</u>
4. Long term borrowings		
Secured		
Term loans		
- from banks	153,103,111	205,245,253
- from others	50,694,037	46,592,136
Vehicle loan		
- from banks	7,483,535	8,267,850
Hire purchase finance		
Bank mortgage	-	7,903,585
	<u>9,144,528</u>	<u>9,578,038</u>
Unsecured		
Public deposit		
- from related parties (refer Note 42)	2,100,000	2,200,000
- from others	63,829,000	69,139,000
Inter corporate deposits		
- from related party (refer Note 42)	15,000,000	9,300,000
Loans		
- from related parties (refer Note 42)	4,999,940	17,000,000
- from others	<u>57,394,599</u>	<u>33,681,986</u>
	<u>363,748,750</u>	<u>408,907,848</u>

a. Details of security and terms of repayment of term loans from banks

Term loans from banks amounting to Rs. 294,244,903 (previous year Rs. 289,810,540) including current maturities of long term debt amounting to Rs. 84,389,521 (previous year Rs. 84,565,287 as referred to in Note 10) are secured as under:

- Term loans from Bank of India amounting to Rs. 78,373,780 (previous year Rs 78,365,764) (including current maturities of long term debt amounting to Rs. 30,213,521 (previous year Rs. 32,703,000) and buyers credit Nil (previous year Rs 12,842,509) availed as a sub limit to term loan) carrying interest rate of 3.20% and 2.95% over the bank base rate are secured by way of first pari passu charge on all the plant & machinery and furniture & fixtures of the Company excluding the fixed assets installed at packaging division at Chandigarh (KPAC), hands division at Bengaluru (KHAN-2), and the plant &

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

machinery and furniture & fixtures of dials division at Parwanoo (TTPA) acquired before 31 March 2005 and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The term loan is further secured by way of first pari passu mortgage charge on land and building of dials division at Derabassi (KDER). The term loans are also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company.

- Term loans from IDBI Bank ('IDBI') amounting to Rs. 3,780,000 (previous year Rs. 8,820,000)(including current maturities of long term debt amounting to Rs. 3,780,000 (previous year Rs.5,040,000), carrying interest rate of 2.5% over the bank base rate and Corporate loan amounting to Rs. 39,284,000 (previous year Rs 40,000,000)(including current maturities of long term debt amounting to Rs. 14,288,000)(previous year Rs. 10,714,287) carrying interest rate of 3% over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of KDER, tool room division at Bengaluru (EIGEN) and hands division at Bengaluru (KHAN-1) and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The term loan is further secured by way of first pari passu mortgage charge on land and building of KDER. The term loans are also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company.

-Term loan from Corporation Bank amounting to Rs. 40,201,207 (previous year Rs. 42,313,207) (including current maturities of long term debt amounting to Rs. 17,112,000 (previous year Rs 17,112,000) and buyers credit nil (previous year Rs 16,698,205) availed as a sub limit to term loan) carrying interest rate of 5.50% over the bank base rate, are secured by way of first exclusive charge on all the plant & machinery and furniture & fixtures of KHAN-2 and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The loan is further secured by exclusive mortgage charge on land and building of KHAN-1.

-Term loans from The Jammu & Kashmir Bank Limited taken by subsidiary, Ethos Limited amounting to Rs.32,380,614 (previous year Rs. 51,246,634 (including current maturities amounting to Rs.18,996,000 (previous year Rs. 18,996,000)), carrying interest rate of 13.00% p.a. are secured by first charge on entire fixed assets, both present and future, of the subsidiary. These limits are also secured by first charge on fixed assets of KPAC unit at Chandigarh of 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 Parent Company, excluding the assets purchased after 1 April 2005. These loans are also guaranteed by the Parent Company and the director of the subsidiary.

- Term loan taken by subsidiary, Pylania SA include loan taken from Bank of India amounting to Rs. 43,473,032 (previous year Rs. 39,524,221) is carrying interest rate of 3.50%. The loan is secured against bank guarantee given by the Parent Company.

Repayment terms of the term loans from banks (including the current maturities of long term debt) are given as under:

- Term loan from IDBI amounting to Rs. 3,780,000 is repayable in 3 quarterly instalments of Rs. 1,260,000 commencing from 30 April 2015. The last instalment would be repaid on 31 October 2015.

- Term loan from IDBI amounting to Rs. 39,284,000 (sanctioned amount being Rs. 50,000,000) is repayable in 10 quarterly instalments of Rs. 3,572,000 and last instalment of Rs. 35,64,000 commencing from 30 June 2015. The last instalment would be repaid on 31 December 2017.

- Term loan from Bank of India amounting to Rs. 22,807,748 is repayable in 12 equal quarterly instalments of Rs. 1,875,000 and last instalment of Rs. 307,748 commencing from 31 December 2015. The last instalment would be repaid on 31 December 2018.

- Term loan from Bank of India amounting to Rs. 1,016,834 is repayable in 2 equal quarterly instalments of Rs. 682,000 and Rs 334,834 on 30 June 2015 and 30 September 2015 respectively.

- Term loan from Bank of India amounting to Rs. 13,238,432 is repayable in 10 quarterly instalments of Rs. 1,250,000 and last instalment of Rs. 738,432 commencing from 30 April 2015. The last instalment would be due on 30 October 2017.

- Term loan from Bank of India amounting to Rs. 1,071,687 is repayable in one instalment of Rs. 1,071,687 on 30 April 2015.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

- Term loan from Corporation Bank amounting to Rs. 16,201,207 (sanctioned amount being Rs. 50,000,000) is repayable in 5 quarterly instalments of Rs. 27,78,000 and last instalment of Rs.23,11,207 commencing from 30th June, 2015. The last instalment would be repaid on 30th September, 2016.
- Term loan from Corporation Bank amounting to Rs. 2,40,00,000 (sanctioned amount being Rs.3,00,00,000) is payable in 16 quarterly instalments of Rs,15,00,000 commencing from 30th June, 2015. The last instalment would be repaid on 31 March, 2019
- Term loan from Bank of India amounting to Rs. 21,422,265 (sanctioned amount Rs. 50,000,000) is repayable in 6 quarterly instalments of Rs. 3,125,000 and last instalment of Rs. 2,672,265 commencing from 30 April 2015. The last instalment would be repaid on 31 October 2016.
- Term loan from Bank of India amounting to Rs. 18,816,754 is repayable in 10 quarterly instalments of Rs. 1,718,750 and last instalment of Rs. 1,629,254 commencing from 30 June 2015. The last instalment would be repaid on 31 December 2017.
- Term Loans from The Jammu & Kashmir Bank Limited amounting to Rs. 32,380,614 is repayable in 20 monthly instalments of Rs.1,583,000 each commencing from 11 April 15. The last instalment would be repaid on 11 November 2016.
- Loan taken from Bank of India amounting to Rs.43,473,092 is to be repaid in a bullet repayment after the bank guarantee is withdrawn by the Parent Company.

b. Details of security and terms of repayment of term loans from others

Term loans from others amounting to Rs. 56,752,270 (previous year Rs. 50,100,000) including current maturities of long term debt amounting to Rs. 6,058,234 (previous year Rs. 3,507,863 as referred to in Note 10) are secured as under:

- Term loan from Intec Capital Limited amounting to Rs. 10,160,134 (previous year Nil) (including current maturities of long term debt amounting to Rs. 1,736,449 (previous year Nil) carrying fixed interest rate of 11.75% is secured by way of hypothecation of the specific asset purchased out of proceeds of the loan. The loan is also personally guaranteed of Chairman and Chief Executive Officer (CEO) of the Company. The loan is to be repaid in 56 monthly intallments as per the repayment schedule in equivated annual installments commencing from 1 April 2015. The last instalment would be repaid on 1 November 2019.
- Secured loans from others (Indiabulls Housing Finance Limited) taken by subsidiary, Ethos Limited amounting to Rs.46,592,136 (previous year Rs. 50,100,000 ((including current maturities amounting to Rs. 4,321,786 (previous year Rs. 3,507,864))), carrying interest rate of 12.75% p.a. are secured by exclusive mortgage and charge on personal property of the director and relatives of the director of the subsidiary. These limits are also guaranteed by the Parent Company, director of the subsidiary and relatives of the director.

Terms of repayment

- Term loan from Intec Capital Limited amounting to Rs. 10,160,134 is to be repaid in 60 monthly intallments as per the repayment schedule in equivated annual installments.
- Term loans from Indiabulls Housing Finance Limited amounting to Rs. 46,592,137 is repayable in 108 monthly installments of Rs 417,500 as per the repayment schedule.

c. Details of security and terms of repayment of vehicle loans.

Vehicle loans from banks carrying interest rate in the range of 8.5% per annum to 12.25% 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 equivated annual installments.

d. Details of security and terms of repayment of bank mortgage taken by subsidiary, Pylania SA

Bank mortgage taken by subsidiary, Pylania SA amounting to Rs. 9,144,528 (previous year Rs. 10,326,588) including current maturities amounting to Rs. Nil (previous year Rs. 748,550) is carrying interest rate of 5.75% and secured against land and building situated in Pylania.

Terms of repayment

- Bank mortgage amounting to Rs.9,144,528 is repayable in 51 quarterly instalments of Rs.178,667 and last instalment of Rs.32,511.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

- e. Public deposits carrying interest rates in the range of 9.5% p.a. to 12.5% p.a., are repayable in 6 months to 3 years from the respective dates of deposit.
- f. Inter corporate deposits amounting to Rs. 15,000,000 from VBL Innovations Private Limited carrying interest rate of 16% p.a. due for repayment in 20 May 2016.
- g. Inter corporate deposit amounting to Rs. 9,300,000 from Vardhan Properties and Investments Limited carrying interest rate of 14% per annum are due for repayment in June 2015.
- h. Loan from others taken by subsidiary, Pylania SA include subordinated loans taken from shareholders amounting to Rs. 37,394,599 (previous year Rs. 33,681,986) is interest free. Subordinated loans taken from shareholders are to be repaid at the time of repayment to equity shareholders.
- i. Unsecured loans from entities over which significant influence is exercised by the relative of Key Management Personnel amounting to Rs 4,999,940 (previous year Rs 5,000,000) carry an interest rate of 16% per annum and is repayable after 12 months.
- j. Unsecured loans amounting to Rs Nil in the current year (previous year Rs 12,000,000) from Key Management Personnel and relatives carry an interest rate of 12.5% per annum and was repayable within 12 months. The loan has been repaid during the year.
- k. Unsecured loans from others amounting to Rs 20,000,000 carry an interest rate of 17% per annum and is repayable after 12 months.

	As at 31 March 2015	As at 31 March 2014
5. Deferred tax liabilities (net)		
Deferred tax liabilities		
Timing difference on depreciation and amortisation of tangible and intangible assets	48,923,955	63,250,582
Deferred tax assets		
Provision for bad and doubtful debts	3,050,232	3,549,641
Provision for employee benefits	13,227,795	12,092,187
Provision for bonus	2,858,571	2,363,133
Provision for expenses	820,461	2,109,972
Deferred lease rent payable	895,005	630,846
	<u>28,071,891</u>	<u>42,504,803</u>
6. Other long term liabilities		
Deferred payment liability due to lease straightlining	18,396,885	14,412,246
	<u>18,396,885</u>	<u>14,412,246</u>
7. Long term provisions		
Provision for employee benefits (Also refer note 7 (a))	32,654,571	33,781,362
Provision for warranty (Also refer note 7 (b))	573,164	214,715
	<u>33,227,735</u>	<u>33,996,077</u>
7 (a) Provision for employee benefits		
(i) Defined contribution plan: Expenditure on account of Superannuation Scheme with LIC of India in respect of its employee provided in the statement of profit and loss	7,937,692	6,120,552
(ii) Defined benefit plan/ other long term benefit plans		
a. Gratuity		
b. Compensated absences		

The following table set out the status of the plan for gratuity and compensated absences as required under Accounting Standard (AS) - 15 (R) - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

Particulars	As at 31 March 2015	As at 31 March 2014
	Gratuity	Gratuity
Actuarial assumptions		
Discount rate	8%	8%
Rate of increase in compensation levels	5%	5%
Rate of return of plan assets	8%	8%
Demographic assumptions		
Mortality rate		
-Holding company	Indian assured lives mortality (1994-96) Ultimate	Indian assured lives mortality (1994-96)Ultimate
Subsidiary Company	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)
Retirement age	58	58
Withdrawal rates		
upto 30 years	3%	3%
- upto 44 years	2%	2%
- above 44 years	1%	1%
	Gratuity	Gratuity
Change in the present value of obligation :		
Present value of obligation as at the beginning of the year	40,373,446	31,750,793
Interest cost	3,228,498	2,575,490
Current service cost	4,600,963	3,851,022
Benefits paid/ payable	(2,102,286)	(2,710,204)
Actuarial loss/(gain) on obligations	1,563,011	4,906,345
Present value of obligation as at the end of the year	<u>47,663,632</u>	<u>40,373,446</u>
Change in the fair value of plan assets :		
Fair value of plan assets at the beginning of the year	19,830,621	13,174,064
Expected return on plan assets	1,720,787	1,323,663
Contributions	7,694,760	8,105,013
Benefits paid	(2,102,286)	(2,710,204)
Actuarial gain on plan assets	(36,106)	(61,915)
Fair value of plan assets at the end of the year	<u>27,107,776</u>	<u>19,830,621</u>
Reconciliation of present value of defined benefit obligation and the fair value of assets		
Present value of funded obligation as at the end of the year	47,663,632	40,373,446
Fair value of plan assets as at the end of the period funded status	<u>27,107,776</u>	<u>19,830,621</u>
Unfunded net liability recognized in balance sheet	<u>20,555,856</u>	<u>20,542,825</u>
* includes short term provision of Rs 3,455,659 (previous year Rs 2,908,181)		
Expenses recognised in the statement of profit and loss:		
Current service cost	4,600,963	3,851,022
Interest cost	3,228,498	2,575,490
Expected return on plan assets	1,112,579	852,941
Net actuarial loss recognized in the year	1,599,117	4,968,260
Total expenses recognized in the statement of profit and loss	<u>8,315,999</u>	<u>10,541,831</u>

Notes :

- 1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
- 2) The expected return is based on the expectation of the average long term rate of return on investments of the fund during the estimated terms of obligations.
- 3) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

- 4) Plan assets mainly comprise funds managed by the insurer i.e. Life insurance corporation of India
 5) For Gratuity, the Group makes annual contributions to the Life insurance corporation of India ('LIC') of an amount advised by the LIC.
 6) An amount of Rs.3,500,000 paid by the Parent Company on 31 March 2014 had not been considered by LIC as contributions received as on 31 March 2014, though, the same had been considered as contributions made for the year ended 31 March 2014.

Amounts for the current and previous years are as follows:

	2014-15	2013-14	2012-13	2011-12	2010-11
Gratuity					
Defined benefit obligation	47,663,632	40,373,446	31,750,793	27,807,157	21,050,362
Plan assets	27,107,776	19,830,621	13,174,064	14,081,176	13,655,882
Net liability	20,555,856	20,542,825	18,576,729	13,725,981	7,394,480
Experience adjustment arising on the gratuity benefits	1,563,011	4,906,345	3,396,074	4,083,595	(39,418)

Particulars	As at 31 March 2015		As at 31 March 2014	
	Compensated absences		Compensated absences	
Actuarial assumptions				
Discount rate	8%		8%	
Rate of increase in compensation levels	5%		5%	
Demographic assumptions				
Mortality rate	Indian assured lives mortality (1994-96)		Indian assured lives mortality (1994-96)	
Retirement age	58		58	
Withdrawal rates				
- Holding company	10%		10%	
- Subsidiary company				
- upto 30 years	3%		3%	
- upto 44 years	2%		2%	
- above 44 years	1%		1%	
7 (b) Reconciliation of provision for warranty				
Provision at the beginning of the year	214,715		533,036	
Less: Reversed during the year	-		318,321	
Add: Created during the year	891,485		-	
Provision at the end of the year*	<u>1,106,200</u>		<u>214,715</u>	

* includes short term provision of Rs 533,036 (previous year Nil)

	As at 31 March 2015	As at 31 March 2014
8. Short term borrowings		
Secured (Also refer note (a) below)		
Working capital borrowings from banks	602,219,660	521,278,900
Buyers credit	99,901,559	29,771,845
Unsecured		
Inter corporate deposits		
- from related party (refer Note 42)	-	5,000,000
Public deposits	6,344,000	11,586,000
	<u>708,465,219</u>	<u>567,636,745</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

a. Details of security of short term secured loans

- Working capital borrowings of parent company amounting to Rs. 184,481,394 carrying interest rate varying from 12.50% to 13.25% 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 and are further secured by a second charge on the entire fixed assets of the Parent Company. These loans are also guaranteed by the Chairman and Chief Executive Officer (CEO) of the Parent Company and is repayable on demand.

-The working capital loans taken by subsidiary company, Ethos Limited amounting to Rs. 133,863,804 and buyer's credit amounting to Rs 58,272,020 are secured by first pari passu charge on the current assets, both present and future, and second pari 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 assets of the tool room unit (Eigen) at Bangalore of the Parent Company. These limits are guaranteed by the Parent Company and director of the subsidiary and his relative. The rate of interest as on 31 March 2015 is 13.75% per annum.

-The working capital loans taken by subsidiary company, Ethos Limited amounting to Rs. 107,166,389 are secured by first pari passu charge on current assets of the subsidiary including stock in trade and receivables. These limits are also secured by a second pari passu charge on the fixed assets of the subsidiary. These limits are guaranteed by the Parent Company and the director of the subsidiary and his relative.

The rate of interest as on 31 March 2015 is 15.30% per annum."

-The working capital loans taken by subsidiary company, Ethos Limited amounting to Rs. 86,445,318 are secured by first pari passu charge on the stock, receivables and other current assets of the subsidiary. These limits are also secured by first charge on fixed 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, excluding the assets purchased after 1 April 2005. These loans are also guaranteed by the Parent Company and the director of the subsidiary. The rate of Interest as on 31 March 2015 is 13.00% per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 78,391,414 are secured by first parri passu charge on Inventory. These limits are also secured by 360,000 shares of KDDL Ltd. held in the name of Sh. Yashovardhan Saboo. These limits are guaranteed by the Holding Company (KDDL Limited) and director of the Company and relative of the director. The rate of interest as on 31 March 2015 is 13.75% per annum.

-Working capital loans taken by subsidiary company, Pylania SA amounting to Rs.11,871,341 is secured by hypothecation of current assets of the subsidiary including stock in trade and receivables"

- Buyers credit taken by parent company from corporation bank amounting to Rs 8,231,865 carrying interest rate 6 month libor plus .80% is secured against hypothecation of inventory and receivables is repayable on demand.

- Buyers credit taken by parent company from IDBI amounting to Rs 26,952,400 carrying interest rate varying from 6 month libor plus .65% to 6 month libor plus 1.25% is secured against hypothecation of inventory and receivables is repayable on demand.

- Buyers credit taken by parent company from bank of India amounting to Rs 6,445,273 carrying interest rate varying from 6 month libor plus 1.2% to 6 month libor plus 1.3% is secured against hypothecation of inventory and receivables is repayable on demand.

As at 31 March 2015 **As at 31 March 2014**

9. Trade payables

Dues to micro and small enterprises (Also refer note (a) below)	-	-
Due to related Party (refer Note 42)	7,319,933	2,201,642
Dues to others	848,894,656	681,246,506
	<u>856,214,589</u>	<u>683,448,148</u>

a. Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

Amount due to entities covered under Micro and Small Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, have been identified on the basis of information available with the management of the group. As per information available with the management of the group, there was no amount due to any such entities which needs to be disclosed.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
10. Other current liabilities		
Current maturities of long term debts		
Public deposits		
- from related party (refer Note 4 and 42)	1,800,000	3,000,000
- from others	35,554,000	31,489,000
Inter corporate deposits		
- from related party (refer Note 4 and 42)	9,300,000	15,000,000
- from others	-	15,000,000
Term loan (refer note 4)		
- from banks	84,389,521	84,565,287
- from others	6,058,234	3,507,864
Vehicle loan from banks	4,732,281	4,082,444
Unsecured loans from others	-	20,000,000
Bank mortgage	-	748,550
External commercial borrowings* (includes Rs. 831,055 (previous year Rs. 753,310) on account of exchange rate fluctuation)	2,306,435	2,415,775
Current maturities of hire purchase finance	4,269,589	2,876,903
Interest accrued but not due on borrowings**	13,232,446	13,036,975
Unpaid dividend in Investor Education and Protection Fund***	1,420,904	1,288,986
Other payables		
Statutory dues	40,622,709	32,421,316
Creditors for capital expenditure	4,576,186	3,201,753
Advances from customers	18,382,965	41,057,535
Interest free security deposit	-	6,890,000
Forward contract payable	475,594	1,427,096
Employee related payables	65,068,580	60,900,426
Other liabilities**	1,803,665	676,582
	293,993,109	343,586,492

*External commercial borrowing taken by joint venture company (JV), Satva Jewellery & Design Limited amounting to Rs. 2,306,435 (previous year Rs. 2,415,775) including current maturities amounting to Rs. 2,306,435 (previous year Rs. 2,415,775) is carrying interest rate of 2% above LIBOR.

** due to related parties (refer note 42)

*** Not due for deposit

11. Short-term provisions

Provision for employees benefits (Also refer note 7(a))	11,718,172	9,716,065
Provision for income tax [Net of advance tax and taxes deducted at source Rs 32,523,442 (previous year Rs. 15,468,633)]	14,441,887	4,300,483
Others		
Provision for wealth tax	100,000	164,378
Proposed dividend*	18,152,940	13,555,080
Tax on proposed dividend	3,716,755	2,303,686
Echo club provision (refer note 37)	8,264,277	4,553,178
Dividend on cumulative preference shares (refer note 46)	55,467,521	30,459,904
Provision for warranty (Also refer note 7(b))	533,036	-
	112,394,588	65,052,774

* The Board of Directors of parent company have declared a dividend @ 20% (previous year 15%) amounting to Rs 2 (previous year Rs 1.5) per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general meeting.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

13. Fixed assets

For the year ended 31 March 2015

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	As at 1 April 2014	Additions	Disposals	As at 31 March 2015	Charge for Adjustments the year	Translation adjustment	Retained Earning	Upto 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangibles										
Land	792,659	-	-	792,659	-	-	-	-	792,659	-
- Leasehold	12,041,431	-	-	12,041,431	-	-	-	(1,419,400)	13,460,831	13,707,231
- Freehold	187,766,252	334,750	-	188,101,002	6,560,688	246,400	4,197,838	59,443,931	128,657,071	141,015,266
Buildings	87,000,738	26,520,464	4,064,407	109,456,795	20,125,427	1,551,921	18,049,476	59,924,622	49,532,173	45,649,623
Leasehold improvements	896,570,482	50,273,317	5,795,654	941,048,145	60,241,435	4,332,711	1,183,798	518,829,549	422,218,596	452,882,931
Plant and machinery	152,344,829	10,925,869	1,593,117	161,677,581	15,806,922	1,390,423	1,531,416	86,268,833	75,408,748	82,060,686
Furniture and fixtures	17,948,584	3,281,302	34,000	21,195,886	3,088,502	5,883	3,308,253	14,387,605	6,808,281	9,951,850
Office equipment	42,430,003	5,746,764	1,627,922	46,548,844	6,161,510	1,100,565	12,320	20,274,049	26,274,795	27,229,219
Vehicles	1,396,894,978	97,082,466	13,115,101	1,480,862,343	111,984,486	8,381,503	27,086,981	757,709,188	723,153,154	773,289,465
Intangibles										
ERP software	33,471,082	8,116,245	-	41,587,327	4,576,683	-	-	25,230,306	16,357,021	12,817,459
Goodwill	4,947,500	-	-	4,947,500	-	-	-	4,947,500	-	-
Know how	15,291,929	350,435	-	15,642,364	646,750	-	-	14,853,753	788,611	1,084,926
Web portal	7,298,571	-	-	7,298,571	1,799,643	-	-	4,195,858	3,102,713	4,902,356
Total (B)	61,009,082	8,466,680	-	69,475,762	7,023,076	-	-	49,227,417	20,248,345	18,804,741
TOTAL (A)+(B)	1,457,904,060	105,549,146	13,115,101	1,550,338,105	119,007,562	8,381,503	3,413,711	806,936,605	743,401,499	792,094,206

For the year ended 31 March 2014

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at 1 April 2013	Additions	Disposals	As at 31 March 2014	Charge for Adjustments the year	Translation adjustment	Upto 31 March 2014	As at 31 March 2014	As at 31 March 2013
Tangibles									
Land	792,659	-	-	792,659	-	-	-	792,659	-
- Leasehold	12,041,431	-	-	12,041,431	-	-	-	13,707,231	12,858,431
- Freehold	187,671,202	95,050	-	187,766,252	5,764,381	(848,800)	(1,665,800)	139,733,370	139,733,370
Buildings	59,104,162	37,034,778	9,138,202	87,000,738	10,397,196	(6,951,227)	46,750,986	141,015,266	141,015,266
Leasehold improvements	856,873,507	46,583,575	6,886,600	896,570,482	44,353,386	2,215,713	41,351,115	45,649,623	25,524,158
Plant and machinery	138,576,824	15,093,735	1,325,731	152,344,829	7,839,857	(4,420,693)	443,687,551	452,882,931	450,902,935
Furniture and fixtures	15,454,357	2,572,322	78,095	17,948,584	1,384,710	(47,179)	70,284,142	82,060,686	75,603,896
Office equipment	37,739,193	5,686,555	995,745	42,430,003	3,546,145	522,946	7,996,734	9,951,850	8,782,136
Vehicles	1,308,253,335	107,066,015	18,424,373	1,396,894,978	73,285,675	(5,836)	15,200,784	27,229,219	25,555,772
Total (A)	30,484,445	2,986,637	-	33,471,082	4,022,286	-	623,605,512	739,753,357	739,753,357
Intangibles									
ERP software	4,947,500	1,486,000	-	6,433,500	-	-	20,653,623	12,817,459	13,853,108
Goodwill	13,805,929	-	-	13,805,929	-	-	4,947,500	-	-
Know how	4,661,921	2,636,650	-	7,298,571	1,767,684	-	14,207,003	1,084,926	1,366,610
Web portal	53,899,795	7,109,287	-	61,009,082	1,753,913	-	2,396,215	4,902,356	4,019,619
Total (B)	1,362,153,730	114,175,302	18,424,373	1,457,904,060	80,829,558	(12,273,735)	665,809,853	792,094,206	758,992,694

Notes:

1. Depreciation during the year includes Rs. 855,345 (Previous year Rs. 509,037) charged on plant and machinery at EIGEN unit which was utilised for development of in-house tools. Accordingly, such amount has been capitalised under plant and machinery.
2. Pursuant to the enactment of Schedule II to Companies Act, 2013 being effective from 1 April 2014, the group has revised depreciation rate on fixed assets as per the useful life specified in part II of Schedule II to the Act and as per management's estimate based on internal valuation. As a result of this change, the depreciation charged for the year ended 31 March 2015 is higher by Rs 21,015,384 and profit before tax would have been higher by such amount and net amount of Rs 17,771,858 (Gross amount Rs 27,086,981 and deferred tax impact Rs 9,315,123) has been adjusted through opening reserves. (refer note 3)
3. Based on the Company's experience, the existing models of tools used for manufacture of tools hands (at KHAN unit) of holding company become obsolete in 2 to 3 years and the tools manufactured exclusively to these models also become redundant. The Company's policy of useful life is consistent with dynamics associated with the industry in which it is operating.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
13. Non current investments		
Trade investments (valued at cost unless stated otherwise, unquoted)		
Associates		
300,000 (previous year 300,000) equity shares of Rs. 10 each fully paid up of Kamla Tesio Dials Limited	3,000,000	3,000,000
Add : Share in opening reserves	(377,172)	(395,804)
Add : Share in current year (loss)/profit	(37,405)	18,632
Aggregate value of trade investments (A)	2,585,423	2,622,828
Non-trade investments (valued at cost unless stated otherwise, unquoted)		
500,000 (previous year 500,000) equity shares of Rs.10 each fully paid up of Karolview Developers Private Limited	5,000,000	5,000,000
17,500 (previous year 17,500) equity shares of Rs. 10 each fully paid up of Shivalik Waste Management Limited	175,000	175,000
Aggregate value of non trade investments (B)	5,175,000	5,175,000
	7,760,423	7,797,828
Aggregate amount of unquoted investments	7,760,423	7,797,828
14. Long term loans and advances (unsecured, considered good, unless otherwise stated)		
Capital advances		
Unsecured, considered good	7,558,223	11,525,169
Considered doubtful	200,000	200,000
	7,758,223	11,725,169
Less: Provision for doubtful advances	(200,000)	(200,000)
	7,558,223	11,525,169
Security deposits and other deposit	97,485,276	81,147,778
Prepaid income taxes [net of provision Rs. 81,708,995 (previous year Rs. 67,171,143)]	40,656,968	39,742,031
Other loans and advances		
Employee loans and advances	3,603,947	3,639,806
Claim receivable (refer note 35)	17,000,000	17,000,000
Balances with government and statutory authorities	7,126,900	-
	173,431,314	153,054,784
15. Other non current assets		
Prepaid expenses	774,624	622,235
Interest accrued on deposits	-	234,762
Non-current bank balances (refer note 18)*	385,000	2,924,296
	1,159,624	3,781,293

*pledged as security for bank guarantees

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
16. Inventories		
(valued at lower of cost and net realisable value, unless otherwise stated)		
Raw material [including scrap of Rs 355,790 (previous year Rs 648,191)]	124,196,838	117,350,752
Raw material (in transit)	6,112,762	13,715,194
Work-in-progress	49,914,003	55,777,818
Finished goods	1,449,434,497	1,133,502,958
Finished goods (in transit)	30,419,640	15,553,986
Stores and spares	26,884,904	26,453,609
	<u>1,686,962,644</u>	<u>1,362,354,317</u>
17. Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	41,229,991	26,954,373
Unsecured, considered doubtful	8,883,193	9,698,398
	<u>50,113,184</u>	<u>36,652,771</u>
Less: Allowance for bad and doubtful debts	8,883,193	9,698,398
	<u>41,229,991</u>	<u>26,954,373</u>
Other debts		
Unsecured, considered good	207,144,705	179,522,606
Unsecured, considered doubtful (others)	-	1,311,620
	<u>207,144,705</u>	<u>180,834,226</u>
Less: Allowance for bad and doubtful debts	-	1,311,620
	<u>207,144,705</u>	<u>179,522,606</u>
	<u>248,374,696</u>	<u>206,476,979</u>
18. Cash and bank balances		
Cash and cash equivalents		
- Cash in hand	8,534,778	19,172,526
- Cheques and drafts in hand	2,240,632	5,381,332
- Credit cards receivable	7,305,728	9,806,984
- Balances with banks in current account	66,303,266	54,371,531
- Unpaid dividend account	1,420,904	1,288,986
Total Cash and cash equivalents	<u>85,805,308</u>	<u>90,021,359</u>
Other bank balances		
- Deposits with maturity more than three months but less than twelve months [refer note (b) below]	34,536,375	21,242,756
- Deposits with more than twelve months maturity [refer note (c) below]	385,000	2,924,296
- Balances with banks in deposit accounts held as margin money [refer note (c) below]	10,152,568	9,546,699
	<u>130,879,251</u>	<u>123,735,110</u>
Less : Amounts disclosed as other non-current assets (refer note 15)	385,000	2,924,296
	<u>130,494,251</u>	<u>120,810,814</u>

Notes:

- Cash and cash equivalents include Rs 1,420,904 (previous year Rs 1,288,986) held in dividend accounts which is not available for use by the Company.
- Rs 34,536,375 (previous year 23,342,756) has been placed as fixed deposits with banks for repayment of deposits as required under section 73 of the Companies Act, 2013 (corresponding to section 58A of the Companies Act, 1956) and margin money.
- Rs 10,537,568 (previous year Rs 10,370,995) are pledged as security for bank guarantees.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
19. Short-term loans and advances		
(Unsecured, considered good, unless otherwise stated)		
Loans and advances to related parties		
Joint venture (secured) (refer note 42)	5,197,100	5,197,100
Recoverable from related parties		
Joint venture (refer note 42)	297,588	941,580
Entities in which significant influence is exercised (refer note 42)	245,734	400,642
Director of holding company	1,200,000	-
Others		
Employees loans and advances	20,508,285	18,243,080
Security deposits	42,617,177	48,078,741
Advances recoverable	6,643,931	2,693,615
Prepaid expenses	12,422,422	4,759,814
Minimum alternate tax credit entitlement	188,846	86,664
Balances with government and statutory authorities	61,348,853	76,138,977
Advances to suppliers	13,411,380	10,030,949
	<u>164,081,316</u>	<u>166,571,162</u>
20. Other current assets		
Interest accrued on deposits	2,016,720	945,047
Unamortised premium on forward contracts	940,602	223,812
	<u>2,957,322</u>	<u>1,168,859</u>
21. Revenue from operations		
Sale of products	4,041,720,456	3,299,596,688
Sale of services	31,310,319	22,641,024
Other operating income		
Provision no longer required written back	9,158,419	4,736,465
Export incentives	45,250,501	32,915,567
Miscellaneous receipt	31,691,616	26,095,257
Commission income	59,150	93,011
	<u>4,159,190,461</u>	<u>3,386,078,012</u>
22. Other income		
Interest income from		
- Banks	3,488,608	3,360,616
- Related party (refer note 42)	300,000	753,750
- Others	1,085,735	413,582
Dividend income	-	6,250
Other non operating income		
Rent	4,229,885	744,000
Profit on purchase of loan (Refer note 38)	-	28,948,198
Other	835,922	699,803
Foreign exchange fluctuation gain (net)	10,036,434	-
	<u>19,976,584</u>	<u>34,926,199</u>
23. Cost of material consumed		
Raw material consumed		
Opening inventories	116,702,561	113,680,483
Add: Purchases during the year	309,346,184	269,544,546
Less: Closing inventories	123,841,048	116,702,561
	<u>302,207,697</u>	<u>266,522,468</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	As at 31 March 2015	As at 31 March 2014
24. Purchases of traded goods		
Watches	2,415,925,917	1,855,726,078
	<u>2,415,925,917</u>	<u>1,855,726,078</u>
25. Change in inventories		
Opening stock		
Finished goods		
-own manufactured	4,624,839	4,936,763
-traded	1,144,432,105	911,174,561
Work in process	55,777,818	65,207,277
Scrap	648,191	751,777
Closing stock		
Finished goods		
-own manufactured	13,560,992	4,624,839
-traded	1,466,293,145	1,144,432,105
Work in process	49,914,003	55,777,818
Scrap	355,790	648,191
Impact of excise duty on opening/closing stock	(581,737)	152,542
	<u>(324,059,240)</u>	<u>(223,565,117)</u>
26. Employment benefit expenses		
Salaries and wages	481,552,830	413,909,090
Contractual labour expenses	41,457,637	29,599,498
Contribution to provident and other funds	32,053,365	30,461,173
Staff welfare expenses	28,277,662	24,700,766
Employee stock option scheme (refer note 43)	76,737	170,016
	<u>583,418,231</u>	<u>498,840,543</u>
27. Finance costs		
Interest expense	143,965,901	128,075,265
Other borrowing cost	9,405,284	13,571,374
	<u>153,371,185</u>	<u>141,646,639</u>
28. Depreciation and amortisation expense		
Depreciation (Also, refer note 12)	112,927,018	72,338,828
Amortisation (Also, refer note 12)	5,225,199	7,981,693
	<u>118,152,217</u>	<u>80,320,521</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2015	For the year ended 31 March 2014
29. Other expenses		
Stores and spares consumed	68,052,867	58,759,452
Power, fuel and water charges	45,748,811	41,699,510
Insurance	3,494,123	3,163,803
Rent		
- Office and factory premises	264,235,918	240,218,326
- Machinery	1,286,300	1,344,800
- Others	1,085,395	1,066,805
Rates and taxes	4,342,788	4,317,667
Repair and maintenance		
- Plant and machinery	21,332,709	15,954,849
- Buildings	6,142,795	2,971,401
- Others	18,982,602	14,501,266
Legal and professional	35,217,774	32,377,313
Payment to auditors of Parent Company		
- Audit fee	825,000	825,000
- Tax audit fee	75,000	75,000
- Certification (including limited reviews)	463,711	781,867
- Out of pocket expenses	147,249	91,402
Fee and payment to auditors of other group companies	1,979,110	1,308,078
Travel and conveyance	51,723,682	50,768,949
Job charges	32,408,772	24,662,949
Printing and stationery	4,924,719	4,833,315
Postage, telephone and telex	21,535,985	17,567,885
Subscription and annual fees	1,203,829	1,404,882
Commission	33,603,085	30,546,935
Events and exhibitions	8,418,346	6,088,648
Publicity and advertisement	61,670,014	40,284,433
Loss on sale of fixed assets (net)	323,464	100,037
Fixed assets written off	3,329,696	2,729,745
Development charges	843,833	1,048,394
Donation	840,000	1,315,463
Bad debts and advances written off	3,779,322	1,845,077
Amortisation of premium on forward exchange contracts	2,470,373	1,766,042
Provision for warranty (refer note 7 and note 11)	358,449	-
Bank charges	24,075,507	16,122,459
Directors' sitting fees	1,587,631	726,783
Foreign exchange fluctuation loss (net)	-	2,142,410
Miscellaneous expenses	19,774,065	21,514,588
	<u>746,282,924</u>	<u>645,617,881</u>
30. Prior period expenses		
Provision for warranty (refer note 7(b))	533,036	-
Annual maintenance charges	410,855	-
	<u>943,891</u>	<u>-</u>
31. Exceptional item		
Fixed assets written off*	-	5,574,860
	<u>-</u>	<u>5,574,860</u>

*During the year ended 31 March 2014, the Parent Company has closed down two of its units KHIM I situated at Parwanoo and KHAR situated at Barwala. The Company has written off fixed assets comprising of leasehold improvements, plant and machinery, furniture and fixtures and office equipments having net book value of Rs. 2,338,943 at KHIM I and Rs. 3,235,917 at KHAR and the remaining net book values have been transferred to other units of the Company.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

32 In compliance with Accounting Standard - 21 " Consolidated Financial Statements ", Accounting Standard - 23 " Accounting for Investments in Associates in Consolidated Financial Statements " and Accounting Standard - 27 "Financial Reporting of Interests in Joint Ventures" referred to in the Companies (Accounting Standard) Rule 2006 issued by the Central Government in exercise of the power conferred under section(2)of Section 469 and the relevant provisions of the Companies Act, 2013 (the 'Act'), KDDL Limited ('KDDL') has prepared the accompanying consolidated financial statements, which include the financial statements of KDDL, its subsidiary, joint venture and the results of operations of its associates listed below:

a) Detail of the subsidiaries are as under:

Name of subsidiary	Country of incorporation	Percentage of ownership
Ethos Limited	India	79.10% *
Mahen Distribution Limited	India	100%
Pylania SA	Switzerland	80.64% **
Kamla International Holdings SA	Switzerland	100%

* Include 19.40% held through Mahen Distribution Limited

** Include 12.00% held through Kamla International Holdings SA

b) Details of associates are as under:

Name of the associate	Country of incorporation	Percentage of ownership
Kamla Tesio Dials Limited	India	30%

c) Detail of joint venture is as under:

Name of the Joint Venture	Country of incorporation	Percentage of ownership
Satva Jewellery and Designs Limited	India	50%

d) The consolidated financial statements of the Group have been based on a line by line consolidation of statement of profit and loss and balance sheet of KDDL and its subsidiaries. The effects of inter-company transactions between consolidated companies are eliminated on consolidation. Unrealised profit on unsold stock, if any, is eliminated while valuing inventories. These eliminations have been considered in the consolidated financial statement on the basis of figures provided and certified by the management and the auditors have relied on the same.

e) In accordance with the applicable provisions of Accounting Standard - 23 on "Accounting for Investments in Associates in Consolidated Financial Statements", equity method of accounting has been followed to incorporate the results of the operations of the associates in the consolidated financial statements.

f) On 4 December 2004, the Parent Company entered into a shareholders agreement with Pascal Vincent Vaucher SA to jointly control and manage the operations of Satva Jewellery and Design Limited ('Satva'). Pursuant to this agreement, the Parent Company made its contribution of 50% of the equity share capital of Satva during the year. These investments have accordingly been accounted for using proportionate consolidation in the consolidated financial statements of the Group in accordance with Accounting Standard -27. 'Financial Reporting of Interests in Joint Venture'.

	As at 31 March 2015	As at 31 March 2014
33 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6,913,105	6,514,800
34 Contingent liability not provided for exists in respect of :		
a)Bank guarantees outstanding	72,667,698	62,170,300
b) Bonds in favour of central excise and customs authorities	1,425,000	1,425,000
c) Demand raised for Service Tax against which appeals have been filed	219,309	219,309
d) Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs.372,818 (previous year Rs.372,818)	372,818	372,818
e) "Demand raised for Income tax (assessment year 2004-05 to assessment year 2012-13)"	78,782,308	77,753,538
f) Demand made by central excise authority	8,164,882	8,164,882
g) Surety bonds in favour of sales tax department	100,000	100,000
h) Custom duty saved against EPCG licences, pending redemption	12,370,089	21,294,842
l) Claims against the company filed by employees not acknowledged as debt (to the extent ascertainable)	2,033,525	1,155,420

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

- 35 During the year 2011-2012, pursuant to the visit of the officers of Directorate general of Central excise intelligence (DGCEI) in the premises of the Company on 18 August 2011, the company had reversed the input service tax credit of Rs. 17,000,000 availed by the Company in previous years. The above amount was reversed as per the opinion of the officials of DGCEI. The Company, on the basis of legal opinion obtained, is of the view that the Company is entitled to this input service tax credit. Since, the amount was reversed under protest and without prejudice to the legal rights of the Company, the Company has shown the above amount of Rs. 17,000,000 reversed as claim receivable under the head "Long term loans and advances". During the financial year 2012-13, the Company had received a notice from DGCEI whereby, the Company had been called upon to show cause as to why service tax amounting to Rs. 663,452 which had been short paid and CENVAT credit amounting to Rs. 24,276,671 wrongly availed should not be demanded and recovered. The Company had filed the reply to the show cause notice with the Commissioner-Central Excise and Service Tax, Chandigarh. The authority has confirmed the demand except Rs. 663,452. Further, the authority has imposed a penalty of Rs. 24,276,671. Being aggrieved against the order of Commissioner- Central Excise and Service Tax, the Company has preferred appeal with CESTAT and the matter is sub-judice with CESTAT, New Delhi. Due to the pending adjudication of the appeal, liability on this account has not been provided in the accounts.
- 36 The Company is a lessee under various cancellable and non-cancellable operating leases. Rental expense for operating leases for the years ended 31 March 2015 and 31 March 2014 was Rs. 19,193,021 and Rs. 17,832,377 respectively. The Company has executed non-cancelable operating leases.

Ethos Limited, a subsidiary company has taken showrooms under operating lease arrangements, with an option of renewal at the end of the lease term and escalation clauses in some of the cases. Lease payments (net of reimbursements) charged during the year to the statement of profit and loss aggregate Rs. 240,868,713 (previous year Rs. 213,872,827) [including Rs. 136,963,753 towards cancellable lease (previous year Rs. 142,116,680)].

The future minimum lease payments under non-cancellable operating leases are as follows:

Future minimum lease payments due	As at 31 March 2015	As at 31 March 2014
Within one year	114,228,372	101,699,405
Later than one year and not later than five years	323,201,813	378,078,940
More than five years	59,676,397	60,763,636
	<u>497,106,582</u>	<u>540,541,981</u>

- 37 **Movement in provision for points accrued under Club Echo Loyalty Programme is as under:**

	As at 31 March 2015	As at 31 March 2014
Opening provision	4,553,178	4,076,131
Add: amount provided during current year	8,805,313	4,414,497
Less: amount utilised/reversed during current year	5,094,214	3,937,450
Closing provision	<u>8,264,277</u>	<u>4,553,178</u>

- 38 During the year ended 31 March 2014, Ahorn Global ("Ahorn") (formerly Taratec SA), one of the shareholders of Pylania SA ("Pylania"), a subsidiary, who held 1,320 equity shares of the face value of CHF 100 each and had advanced loans of CHF 419,771 to Pylania, entered into an agreement with KDDL Limited ("KDDL") to transfer entire shareholding and loans so advanced to Pylania, at a total consideration of CHF 30,000. In terms with such agreement, KDDL Limited, through its another subsidiary, Kamla International Holding SA ("KIH") acquired such shares and loans from Ahorn. On consolidation, such arrangement, led to generation of capital reserve of Rs. 6,941,100, foreign currency translation reserve of Rs 3,042,830 and gain on remission of liability towards borrowings of Rs. 28,948,198 which have been disclosed under note 3 and note 22 respectively.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2015	For the year ended 31 March 2014
39 Earnings per share		
Net profit attributable to equity shareholders		
Profit before exceptional items and after tax	86,477,930	90,736,727
Profit after tax and minority interests (Rs.)	86,477,930	85,161,867
Number of equity shares at the beginning of the year	9,036,720	9,036,720
Shares issued during the year	39,750	-
Total equity shares outstanding at the end of the year	9,076,470	9,036,720
No. of weighted average equity shares		
Basic	9,045,580	9,036,720
Diluted	9,060,047	9,036,720
Nominal value of equity share (Rs.)	10	10
Earnings per share-before exceptional items and after tax		
Basic (Rs.)	9.56	10.04
Diluted (Rs.)	9.54	10.04
Earnings per share-after exceptional items and tax		
Basic (Rs.)	9.56	9.42
Diluted (Rs.)	9.54	9.42

40 During the year, following shares were issued outside the group:

- Ethos Limited issued 37,730 (previous year Nil) equity shares of Rs. 10 each at a price of Rs. 65 (previous year Nil).
- Ethos Limited issued 576,923 (previous year Nil) preference shares of Rs. 130 each at a price of Rs 130 (previous year Nil).

Accordingly adjustments have been carried out to take the effect of minority interest in the consolidated financial statements.

41 Segment information

Identification of segments:

The Group has disclosed business segment as primary segment. The Group's operations predominantly relate to manufacture of precision watch components and trading of watches and accessories. Other business segments primarily comprising of ornament packaging are very small and are reported under 'others' category. The segments have been identified taking into account:

- the nature and use of the products,
- the differing risks and returns,
- the organisation structure, and
- the internal financing reporting systems.

The secondary segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

Note- 41 (cont'd)

Segment information - Primary segment (Business segment)

(Figures in parentheses are for the previous year)

Particulars	Precision and watch components	Watch and accessories	Others	Total
Revenue				
Gross operating and other income*	1,289,736,867 (1,151,682,761)	2,834,888,755 (2,206,090,462)	55,785,904 (63,894,830)	4,180,411,526 (3,421,668,053)
Results				
Segment result	290,932,987 (303,471,297)	113,954,126 (69,181,320)	(23,688,489) 30,324,546	381,198,625 (342,328,070)
Unallocated corporate expenses (net)				(92,681,785) (96,577,150)
Operating profit				288,516,839 (245,750,921)
Interest income				4,574,343 (4,527,948)
Interest expenses				153,371,185 (141,646,639)
Prior period expenses				943,891 -
Current income tax (net of tax earlier years)				56,034,997 (23,033,829)
Minimum alternate tax credit entitlement				(102,182) (1,202,484)
Current tax - earlier years				-
Deferred tax				(5,117,789) (2,108,105)
Net profit				87,961,080 88,908,990
Other information				
Segment assets	911,003,479 (904,989,763)	1,874,608,171 (1,521,100,794)	57,354,364 (53,488,841)	2,842,966,014 (2,479,579,398)
Unallocated corporate assets				340,841,911 (344,287,973)
Total assets				3,183,807,924 (2,823,867,373)
Segment liabilities	399,078,034 (308,239,351)	1,368,555,247 (1,109,521,014)	16,477,079 (22,279,171)	1,784,110,360 (1,440,039,536)
Unallocated corporate liabilities and loans				630,402,406 (719,505,601)
Total liabilities**				2,414,512,766 (2,159,545,137)
Capital expenditure	56,600,045 (46,580,818)	45,483,341 (57,560,607)	440,110 (4,315,109)	102,523,497 (108,456,534)
Unallocated capital expenditure				3,025,649 (5,444,199)
Depreciation and amortisation	71,206,624 (54,985,381)	37,523,199 (18,132,372)	3,538,755 (3,168,971)	112,268,577 (76,286,724)
Unallocated depreciation and amortisation				5,883,640 (4,033,798)
Other non cash expenses	6,942,141 (4,936,402)	-	824,327 (92,026)	7,766,468 (5,028,428)
Unallocated non cash expenses				24,463 (338,779)

*Excluding unallocated corporate income Rs.5,818,825 (previous year Rs 5,191,789) and interest income Rs. 4,874,343 (previous year Rs.4,527,948). Segment revenues are gross of excise duty.

** Total liabilities do not include minority interest.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

Note- 41 (cont'd)

Segment Information - Secondary Segment (Geographical)

The following tables present revenue and profit information regarding industry segments for the year ended 31 March 2015 and asset and liability information regarding industry segments at 31 March 2015.

(Figures in parentheses are for the previous year)

Secondary Segment Information

Particulars	India	Outside India	Total
Segment revenue	3,340,579,256 (2,683,971,830)	839,832,270 (737,696,223)	4,180,411,526 (3,421,668,053)
Segment assets	2,732,158,003 (2,383,120,054)	110,808,011 (96,459,345)	2,842,966,014 (2,479,579,398)
Capital expenditure	101,698,839 (105,080,853)	824,657 (3,375,681)	102,523,497 (108,456,534)

The segment revenue is net of discount, sales returns and price variations, gross of excise duty

42.Related party disclosures

A	Relationships		
I.	Associates		Kamla Tesio Dials Limited
II.	Joint venture		Satva Jewellery and Design Limited
III.	Entities over which significant influence is exercised by the company /key management personnel (either individually or with others)		Saboo Coatings Limited Vardhan International Limited Vardhan Properties Investments Limited Smt. Kamla Devi Saboo Charitability Trust Tara Chand Mahendra Kumar (HUF) Trust Saveeka Family Trust Dream Digital Technology Limited VBL Innovations Private Limited Shri M.K. Saboo Charitable Y.Saboo (HUF) Jan Seva Trust
IV.	Key Management Personnel		Relatives *
	a.Mr. R.K. Saboo (Chairman)		Ms. U. Saboo (spouse), Mr. Y. Saboo (son), Ms. Asha Devi Saboo (brother's spouse)
	b.Mr. Y. Saboo (Chief Executive Officer)		Mr. R.K. Saboo (father) Ms. Malvika Singh (son's spouse) Ms. A. Saboo (spouse)
	c.Dinesh Agrawal (Chief Operating Officer)		Ms. Shashi Agrawal (spouse)

*With respect to the key management personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

The Following transactions were carried out with related parties in the ordinary course of business for the year ended 31st March 2015.

S No	Particulars	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of key Management Personnel
1	Purchase of raw material and components					
	Saboo Coatings Limited	-	-	3,080,189	-	-
2	Sale of goods					
	Saboo Coatings Limited	-	-	290,822	-	-
	Dream Digital Technology Limited	-	-	45,675	-	-
3	Rent paid					
	Kamla Tesio Dials Limited	800,000	-	-	-	-
	Saboo Coatings Limited	-	-	50,000	-	-
	Mr. R.K. Saboo	-	-	-	320,592	-
	Mr. Y. Saboo	-	-	-	1,645,364	-
	Mrs. Asha Devi Saboo	-	-	-	-	160,452
	Ms. U. Saboo	-	-	-	-	64,188
	Satva Jewellery and Design Limited	-	300,000	-	-	-
4	Salary of employees recovered					
	Vardhan Properties and Investment Limited	-	-	144,000	-	-
5	Salary paid to relatives of KMP					
	Ms. Malvika Singh	-	-	-	-	642,736
6	KMP remuneration					
	Mr. R.K. Saboo	-	-	-	3,730,802	-
	Mr. Y. Saboo	-	-	-	5,644,736	-
	Mr. Dinesh Agrawal	-	-	-	4,196,989	-
7	Interest received					
	Satva Jewellery and Design Limited	-	300,000	-	-	-
8	Interest paid/ accrued					
	Mr. R.K. Saboo	-	-	-	1,234,928	-
	Dream Digital Technology Limited	-	-	1,223,010	-	-
	VBL Innovations Private Limited	-	-	2,399,995	-	-
	Saveeka Family Trust	-	-	292,561	-	-
	Vardhan Properties and Investment Limited	-	-	1,401,731	-	-
	Mrs. Asha Devi Saboo	-	-	-	-	125,000
	Mrs Shashi Agarwal	-	-	-	-	55,282
9	Public deposits accepted					
	Vardhan Properties and Investment Ltd.	-	-	700,000	-	-
10	Repayment of Public deposits					
	Saveeka family Trust	-	-	2,000,000	-	-
11	Repayment of ICD					
	Dream Digital Technology Limited	-	-	5,000,000	-	-
12	Amount written back during the period					
	Satva Jewellery and Design Limited	-	1,457,715	-	-	-
13	Rent received					
	Satva Jewellery and Design Limited	-	300,000	-	-	-
	Saboo Coatings Limited	-	-	760,000	-	-
	Dream Digital Technology Limited	-	-	12,000	-	-
14	Loan taken					
	Dream Digital Technology Limited	-	-	5,000,000	-	-
15	Loans and advances given by the Company					
	Satva Jewellery & Design Limited	-	50,000	-	-	-
	Mr Dinesh Agrawal	-	-	-	1,200,000	-
16	Reimbursement of expenses paid by the Company					
	Dream Digital Technology Limited	-	-	136,718	-	-
17	Expenses Recovered					
	Kamla Tesio Dials Limited	33,820	-	-	-	-
	Saboo Coatings Limited	-	-	291,011	-	-
	Dream Digital Technology Limited	-	-	1,760,671	-	-
	Satva Jewellery and Design Limited	-	57,732	-	-	-
	VBL Innovations Private Limited	-	-	293,341	-	-
18	Loan repaid					
	Dream Digital Technology Limited	-	-	5,000,060	-	-
	Mr. R.K. Saboo	-	-	-	12,000,000	-
19	Management Consultancy fee paid					
	Dream Digital Technology Limited	-	-	23,975,002	-	-
20	Dividend paid					
	Shri R.K. Saboo HUF	-	-	150,930	-	-
	Mr. R.K. Saboo	-	-	-	2,930,911	-
	Mr. Y. Saboo	-	-	-	2,258,445	-
	Others	-	-	27,002	-	1,825,187
21	Guarantees taken					
	Mr. R K Saboo	-	-	-	80,000,000	-
	Mr. Y Saboo	-	-	-	80,000,000	-
22	14% Compulsory Convertible Preference Shares issued					
	VBL Innovations Private Limited	-	-	2,600,000	-	-
	Dream Digital Technology Limited	-	-	5,000,060	-	-
	Mr. R K Saboo	-	-	-	6,000,150	-
	Mr. Y Saboo	-	-	-	2,500,030	-
	Mrs. Asha Devi Saboo	-	-	-	-	1,500,070

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

42 . Related Party Transactions (Continued) Related parties

The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March, 2015

Balance at the end of the year

Particulars	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of key Management Personnel
a. Loans given					
Satva Jewellery and Design Limited	-	5,197,100	-	-	-
Mr Dinesh Agrawal	-	-	-	1,200,000	-
b. Loans taken					
Dream Digital Technology Limited	-	-	4,999,940	-	-
c. Interest payable					
Dream Digital Technology Limited	-	-	522,733	-	-
d. Other receivables/ advances					
Satva Jewellery and Design Limited	-	297,588	-	-	-
Saboo Coatings Limited	-	-	86,895	-	-
Vardhan Properties and Investment Limited	-	-	36,000	-	-
Kamla Tesio Dials Limited	1,725	-	-	-	-
Dream Digital Technology Limited	-	-	121,113	-	-
e. Payables					
Kamla Tesio Dials Limited	211,870	-	-	-	-
Saboo Coatings Limited	-	-	270,871	-	-
Dream Digital Technology Limited	-	-	6,837,192	-	-
f. Guarantees taken					
Mr. R.K. Saboo	-	-	-	666,547,163	-
Ms. U. Saboo	-	-	-	594,972,751	-
Mr. Y. Saboo	-	-	-	198,955,026	46,592,137
g. 12% Cumulative Compulsory Convertible Preference Shares					
Mr. R.K. Saboo	-	-	-	5,000,050	-
Mr. Y. Saboo	-	-	-	4,998,950	-
Mrs. Asha Devi Saboo	-	-	-	-	2,500,080
h. 14% Cumulative Compulsory Convertible Preference Shares					
VBL Innovations Private Limited	-	-	2,600,000	-	-
Dream Digital Technology Limited	-	-	5,000,060	-	-
Mr. R K Saboo	-	-	-	6,000,150	-
Mr. Y Saboo	-	-	-	2,500,030	-
Mrs. Asha Devi Saboo	-	-	-	-	1,500,070
i. Public deposits outstanding					
Mrs. Asha Devi Saboo	-	-	-	-	1,000,000
Ms. Shashi Agrawal	-	-	-	-	400,000
Saveeka Family Trust	-	-	1,000,000	-	-
Vardhan Properties and Investment Limited	-	-	1,500,000	-	-
j. Interest on Public deposit outstanding					
Ms Shashi Agrawal	-	-	-	-	77,526
k. Inter Corporate deposits outstanding					
Vardhan Properties and Investment Limited	-	-	9,300,000	-	-
VBL Innovations Private Limited	-	-	15,000,000	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

42. Related Party Transactions (Continued)

B. The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2014

S No	Particulars	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of key Management Personnel
1	Purchase of raw material and components					
	Saboo Coatings Limited	-	-	2,220,703	-	-
	Vardhan International Limited	-	-	242,186	-	-
2	Sale of goods					
	Saboo Coatings Limited	-	-	9,614	-	-
3	Purchase of services					
	Dream Digital Technology Limited	-	-	16,352,076	-	-
4	Rent paid					
	Kamla Tesio Dials Limited	800,000	-	-	-	-
	Saboo Coatings Limited	-	-	156,877	-	-
	Mr. R.K. Saboo	-	-	-	305,328	-
	Mr. Y. Saboo	-	-	-	1,499,976	-
	Ms. A. Saboo	-	-	-	-	152,808
	Ms. U. Saboo	-	-	-	-	61,128
	Satva Jewellery and Design Limited	-	300,000	-	-	-
5	Rent income					
	Dream Digital Technology Limited	-	-	12,000	-	-
	Saboo Coatings Limited	-	-	760,000	-	-
	VBL Innovations Private Limited	-	-	2,100,000	-	-
6	Salary of employees paid					
	Saboo Coatings Limited	-	-	200,000	-	-
	Vardhan Properties and Investment Limited	-	-	144,000	-	-
	Ms. Malvika Singh	-	-	-	-	256,000
7	Directors remuneration					
	Mr. R.K. Saboo	-	-	-	3,204,855	-
	Mr. Y. Saboo	-	-	-	5,001,465	-
	Mr. Dinesh Agrawal	-	-	-	3,215,280	-
8	Interest received					
	Satva Jewellery and Design Limited	-	753,750	-	-	-
9	Interest paid/ accrued					
	Mr. R.K. Saboo	-	-	-	1,500,000	-
	Dream Digital Technology Limited	-	-	279,398	-	-
	VBL Innovations Private Limited	-	-	2,570,957	-	-
	Saveeka Family Trust	-	-	374,998	-	-
	Vardhan Properties and Investment Limited	-	-	1,116,897	-	-
	Ms. A. Saboo	-	-	-	-	125,000
	Ms. Shashi Agrawal	-	-	-	-	38,073
10	Public deposits accepted					
	Ms Shashi Aggarwal	-	-	-	-	400,000
11	Expenses incurred by the Company reimbursed					
	Satva Jewellery and Design Limited	-	536,369	-	-	-
	Saboo Coatings Limited	-	-	10,854	-	-
	Dream Digital Technology Limited	-	-	1,185,882	-	-
12	Loan taken					
	Dream Digital Technology Limited	-	-	5,000,000	-	-
	VBL Innovations Private Limited	-	-	15,000,000	-	-
13	Expenses Recovered					
	Kamla Tesio Dials Limited	67,952	-	-	-	-
	Saboo Coatings Limited	-	-	145,060	-	-
	Dream Digital Technology Limited	-	-	3,680,386	-	-
14	Loan repaid					
	VBL Innovations Private Limited	-	-	15,000,000	-	-
15	Management consultancy fee paid					
	Dream Digital Technology Limited	-	-	3,020,000	-	-
16	Dividend paid					
	Mr. R.K. Saboo	-	-	-	2,054,560	-
	Mr. Y. Saboo	-	-	-	1,505,630	-
	Others	-	-	-	-	1,214,791
17	Donation					
	Jan Seva Trust	-	-	750,000	-	-
18	Inter corporate deposits received					
	Vardhan Properties and Investment Limited	-	-	9,300,000	-	-
	Dream Digital Technology Limited	-	-	5,000,000	-	-
19	Guarantees taken					
	Mr. R K Saboo	-	-	-	12,600,000	-
	Mr. Y Saboo	-	-	-	12,600,000	-
	Ms. U. Saboo	-	-	-	-	12,600,000

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

42. Related Party Transactions (Continued)

B. The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2014

Balance at the end of the year

Particulars	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of key Management Personnel
a. Loans given					
Satva Jewellery and Design Limited	-	5,197,100	-	-	-
b. Interest payable					
Dream Digital Technology Limited	-	-	-	28,493	-
c. Other receivables/ advances					
Satva Jewellery and Design Limited	-	941,580	-	-	-
Saboo Coatings Limited	-	-	256,642	-	-
Vardhan Properties and Investment Limited	-	-	144,000	-	-
d. Payables					
Kamla Tesio Dials Limited	727,867	-	-	-	-
Saboo Coatings Limited	-	-	578,440	-	-
Dream Digital Technology Limited	-	-	895,335	-	-
e. Guarantees taken					
Mr. R.K. Saboo	-	-	-	551,513,814	-
Ms. U. Saboo	-	-	-	-	50,100,000
Mr. Y. Saboo	-	-	-	677,760,448	-
f. 12% Cumulative Compulsory Convertible Preference Shares					
Mr. R.K. Saboo	-	-	-	5,000,050	-
Mr. Y. Saboo	-	-	-	5,000,050	-
Ms. A. Saboo	-	-	-	-	2,500,080
g. Public deposits outstanding					
Ms. A. Saboo	-	-	-	-	1,000,000
Ms. Shashi Agrawal	-	-	-	-	400,000
Saveeka Family Trust	-	-	3,000,000	-	-
Vardhan Properties and Investment Limited	-	-	800,000	-	-
h. Loan outstanding					
Mr. R.K. Saboo	-	-	-	12,000,000	-
Dream Digital Technology Limited	-	-	5,000,000	-	-
i. Interest on public deposit outstanding					
Ms. Shashi Agrawal	-	-	-	-	22,049
j. Inter corporate deposits outstanding					
Dream Digital Technology Limited	-	-	5,000,000	-	-
Vardhan Properties and Investment Limited	-	-	9,300,000	-	-
VBL Innovations Private Limited	-	-	15,000,000	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

43 .Employee Stock Option Plans

I. KDDL Employee Stock Option Plan- 2011 ('ESOP 2011')

- (a) The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines'), which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company plans to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company.
- (b) Fifty percent of the options which have been granted under ESOP 2011 have been vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the year 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. 1,500,000,000 ('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.
- (c) The movement in the scheme is set out as under :

Particulars	ESOP 2011		ESOP 2011	
	Year Ended 31 March 2015		Year Ended 31 March 2014	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
	Number	Amount	Number	Amount
Outstanding at the beginning of the year	84,000	120	90,000	120
Granted Options				-
Exercise during the year	39,750	120	-	-
Forfeited during the year				-
Expired during the year	4,500	120	6,000	120
Outstanding at the end of year	39,750	120	84,000	120
Exercisable at the end of the year	-	-	-	-
Number of equity shares of Rs 10 each fully paid to be issued on exercise of option	39,750	120	84,000	120
Weighted average price remaining contractual life (years)				
- First Tranche	Not Applicable	Not Applicable	0.5 years	Not Applicable
- Second Tranche	1.5 years	Not Applicable	2.5 years	Not Applicable

- (d) The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Risk free interest rates (in %)	8.50%	8.50%
Expected life (in months)	29	29
Volatility (in %)	66.49%	66.49%
Dividend yield (in %)	1.58%	1.58%

The volatility of the options is based on the historical volatility of the share price since the Parent Company's equity shares are publicly traded, which may be shorter than the term of the options.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

(e) Details of weighted average exercise price and fair value of the stock options granted at price below market price:

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Total options granted outstanding	39,750	84,000
Weighted average exercise price (in Rs)	120	120
Weighted average fair value (in Rs)	61.05	61.05

II. KRL employees Stock Option Plan- 2011 ('KRL ESOP')

(a) In the annual general meeting held on 15 September 2011, the shareholders of the subsidiary company Ethos Limited approved the issues of options not exceeding 84,000 options under the scheme titled "KRL employees Stock Option Plan- 2011" ("KRL ESOP").

The ESOP allows the issue of the options to eligible employees of the subsidiary. 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 two years of vesting.

1. 50 % of the options granted to the selected employee shall vest on 1 April 2014 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. 300 crores in any financial year by the subsidiary, 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 Compensation Committee meeting on 4 January 2013 granted outstanding 2,500 options to employee of the subsidiary company. The above options have been issued by the Compensation Committee in accordance with the terms & conditions of the "KRL Employee Stock Option Plan-2011" (ESOP).

The difference between the marker price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing stock compensation expense is expenses over the vesting period.

(b) The movement in the scheme is set out as under:

Particulars	KRL ESOP - 2011		KRL ESOP - 2011	
	Year ended 31 March 2015		Year ended 31 March 2014	
	Options	Weighted Average exercise price	Options	Weighted Average exercise price
	Number	Number	Number	Number
Outstanding at the beginning of year	72,000	100	81,500	100
Granted during the year	-	-	-	-
Exercised during the year	17,250	100	-	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	9,500	100
Outstanding at the end of the year	54,750	100	72,000	100

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

Particulars	KRL ESOP - 2011		KRL ESOP - 2011	
	Year ended 31 March 2015		Year ended 31 March 2014	
	Options	Weighted Average exercise price	Options	Weighted Average exercise price
	Number	Number	Number	Number
Outstanding at the beginning of year	2,500	110	2,500	110
Granted during the year	-	-	-	-
Exercised during the year	1,250	110	-	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,250	110	2,500	110

Particulars	KRL ESOP - 2011		KRL ESOP - 2011	
	Year ended 31 March 2015		Year ended 31 March 2014	
	Options	Weighted Average exercise price	Options	Weighted Average exercise price
	Number	Number	Number	Number
Outstanding at the beginning of year	264,000	120	-	-
Granted during the year	3,500	120	264,000	120
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Expired during the year	6,000	120	-	-
Outstanding at the end of the year	261,500	120	264,000	120

The fair value of the option has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Risk free interest rates (in %)	8.50%/ 8.00%/ 7.60%/ 7.60%	8.50%/ 8.00%/ 7.60%
Expected life (in months)	3.55/ 2.24/ 4.56/ 4.16	3.55/ 2.24/ 4.56
Volatility (in %)	-	-
Dividend yield (in %)	-	-

III Proforma Accounting for Stock option Grants

The Parent company and the subsidiary applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using fair value approach, the subsidiary's net income and basic/diluted earnings per share as reported would have reduced to the pro forma amounts as indicated:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
1. Net Profit as reported	86,477,930	85,161,867
2. Add : Stock based employee compensation expense debited to statement of profit/loss	76,737	170,016
3. Less : Stock based employee compensation expense based on fair value	397,692	746,725
4. Difference between (2) and (3)	(320,955)	(576,709)
5. Adjusted to proforma profit	86,156,975	84,585,158
6. Difference between (1) and (5)	320,955	576,709
7. Basic earnings per share as reported	9.56	9.42
8. Proforma basic earnings per share	9.52	9.36
9. Diluted earnings per share as per reported	9.54	9.42
10. Proforma diluted earnings per share	9.51	9.36

*The effect of cumulative optionally convertible preference shares being anti dilutive in nature, dilutive EPS has not been computed.

44. Additional information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint venture and Associate

S. No	Name of the entity Parent Company	Net assets		Share in profit/loss	
		As a percentage of consolidated net assets		As a percentage of consolidated profit or (Loss)	
		Amount (Rs.)		Amount (Rs.)	
1	KDDL Limited	102%	525,232,748	75%	65,062,203
	Indian subsidiaries:				
2	Ethos Limited	100%	515,184,955	27%	23,594,999
3	Mahen Distributions Limited	14%	74,343,414	1%	536,247
	Foreign subsidiaries				
4	Kamla International Holdings SA	5%	26,415,745	(0.44%)	(382,762)
5	Pylania SA	(15%)	(75,134,093)	3%	2,906,593
6	Minority interest in all subsidiaries	49%	253,972,651	(1.67%)	(1,445,745)
7	Joint venture (as per proportionate consolidation)				
	Satva Jewellery and Design Limited	(0.32%)	(1,653,738)	(2.09%)	(1,809,496)
8.	Associate (as per equity method)				
	Kamla Tesio Dials Limited	0.11%	585,422	(0.04%)	(37,405)
	Subtotal	256%	1,318,947,104	102%	88,424,634
	Less : Effects of intercompany eliminations/adjustments	(156%)	(803,624,596)	(2%)	(1,946,704)
	Total	100%	515,322,508	100%	86,477,930

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

45 The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Units of foreign currency	Amount outstanding as at 31 March 2015		Amount outstanding as at 31 March 2014	
		Amount (in FC)	Amount (in INR)	Amount (in FC)	Amount (in INR)
Receivables	HKD	247,969	1,973,838	20,695	157,692
	USD	353,823	21,954,734	265,601	15,808,554
	EUR	16,203	1,082,976	9,014	734,274
	CHF	1,245,955	79,432,749	1,475,912	98,735,573
	GBP	493	45,103	-	-
Payables	HKD	346,437	2,813,068	189,039	1,597,380
	USD	236,586	14,756,448	402,972	24,148,940
	EUR	5,103	347,145	94	7,779
	CHF	198,781	12,915,695	689,688	47,021,643
	JPY	10,322,116	5,401,191	3,799,173	2,226,315
Commission payable	CHF	401,803	26,105,140	462,488	31,472,300
Buyer's credit	USD	733,625	45,932,690	966,520	58,029,909
	HKD	620,776	5,040,701	164,865	1,282,650
	CHF	762,715	48,928,167	-	-
Advances from customers	CHF	2,449	159,104	300,000	20,801,455
	EUR	1,800	122,472	-	-
	USD	170	10,664	-	-

Following are the forward contracts entered into by the Company, which are outstanding as at the year end, in respect of unrecognised firm commitments:

	Amount outstanding as at 31 March 2015		"Amount outstanding as at 31 March 2014"		
	Units of foreign currency	(in foreign currency)	(in Rupees)	(in Rupees)	
	CHF	1,652,864	106,031,228	566,175	40,198,763
	USD	149,885	9,343,853	136,535	8,440,375

46 In terms with the provisions of Accounting Standard – 21 "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:

Particulars	Amount of dividend	Dividend per Share
12% cumulative compulsory convertible preference shares	14,257,004	11.96
12% cumulative optionally convertible preference shares	600,600	7.80
14% cumulative compulsory convertible preference shares	10,150,013	18.20
	<u>25,007,617</u>	

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

(All amounts in rupees, unless stated otherwise)

- Arrears of fixed cumulative preference shareholders amounts to Rs 55,467,521 (previous year Rs 30,459,904) has been disclosed under note 11.

47 The consolidated financial statements have been prepared in compliance with clause 32 of the listing agreement with stock exchange.

48 As per the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the parent company is required to use certain specific methods in computing arm's length prices of transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of appointing independent consultants for conducting a Transfer Pricing Study (the 'Study') to confirm that the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's transactions are at arm's length and that the results of the proposed study will not have any impact on the financial statements and that they do not expect any transfer pricing adjustments.

49 Previous year figures have been regrouped/recasted, wherever considered necessary to make them comparable with those of the current year.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Chandigarh
Date : 28 May 2015

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

R. K. SABOO
Chairman
(DIN: 00012194)

S. K. Masown
Chief Financial Officer

Place : Chandigarh
Date : 28 May 2015

Y. SABOO
Chief Executive Officer
and Vice Chairman
(DIN: 00012158)

P.K. GOYAL
Company Secretary

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015
(All amounts in rupees, unless stated otherwise)

Financial performance of Subsidiaries during the period April 1, 2014 to March 31, 2015.

Sr No.	Name of the Subsidiary Company	Ethos Ltd	Mahen Distribution Ltd.	Plyania S.A.	Kamla International Holding SA
1	Financial/Accounting year of the subsidiary companies	31.03.2015	31.03.2015	31.03.2015	31.03.2015
2	Country of incorporation	India	India	Switzerland	Switzerland
3	Reporting currency	INR	INR	CHF	CHF
4	Exchange rate to INR:				
	-Balance sheet			CHF=Rs 64.97	CHF=Rs 64.97
	-Profit and loss			CHF=Rs 66.51	CHF=Rs 66.51
5	Share Capital(Incl. Advances towards capital where applicable)	311,314,800	74,812,200	43,648,333	17,876,064
6	Reserves and surplus	(203,853,427)	(468,787)	(118,782,426)	8,539,681
7	Total assets	1,875,304,781	83,478,722	103,530,775	19,474,637
8	Total liabilities	1,360,119,827	9,135,308	178,664,868	-
9	Investments(other than subsidiaries)	-	-	-	-
10	Turnover	2,816,779,173	18,890,995	52,603,866	-
11	Profit/(loss) before tax	35,432,201	536,247	2,906,593	(382,762)
12	Tax Expenses/(Credited)	11,837,202	-	-	-
13	Profit/(loss) after tax	23,594,999	536,247	2,906,593	(382,762)
14	Proposed dividend and tax therein	-	-	-	-

R.K. SABOO
Chairman

Y. SABOO
Chief Executive Office
and Vice Chairman

S.K MASOWN
Chief Financial Officer

P.K GOYAL
Company Secretary

PROXY FORM
(Pursuant to section 105 (6) of the Companies Act 2013)



KDDL Limited

(CIN: L33302HP1981PLC008123)

Registered Office: Plot No. 3, Sector - III, Parwanoo, Distt. Solan, H.P.

Email: pawan.goyal@kddl.com, Website: www.kddl.com

Phone: 0172-2548223, 24 & 27, Fax: 0172-2548302

Name of the member(s) : _____
Registered Address : _____
E-mail Id : _____
Folio No./Client Id : _____
DP ID : _____

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

1. Name : _____
Address : _____
E-mail Id : _____
Signature : _____, or failing him
2. Name : _____
Address : _____
E-mail Id : _____
Signature : _____, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th Annual General Meeting of the Company, to be held on Monday, the 24th day of August, 2015 at 12.30 pm at Hotel Timber Trail Resorts, Parwanoo 173220 (Himachal Pradesh) and at any adjournment thereof in respect of such resolutions as indicated below:-

Ordinary Business:

1. Adoption of the Audited Accounts of the Company for the financial year ended 31st March, 2015 and the Reports of the Board of Directors' and Auditors' thereon.
2. Declaration and confirmation of dividend for the year ended 31st March, 2015.
3. Appointment of a director in place of Dr. T. N. Kapoor, who is liable to retire by rotation.
4. Appointment of M/s Walker Chandiook & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company.

Special Business:

5. Appointment of Mr. Praveen Gupta as an Independent Director of the Company.
6. Approval for acceptance of deposits from shareholders under section 73(2) of the Companies Act, 2013.
7. Approval for further issue of equity shares through Preferential Issue as per provisions of section 62(1)©of the Companies Act, 2013.

Signed this _____ day of _____ 2015

Affix
revenue
stamp

Signature of shareholder

Signature of Proxy holder (s)Note:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

----- ✂ -----
ATTENDANCE SLIP
(To be presented at the entrance)
KDDL Ltd.

Folio No.: _____ DP ID No.: _____ Client ID No.: _____ No. of Share _____

Name of the Member _____ Signature _____





Name of the Proxy holder _____ Signature _____

I, hereby record my presence at the 35th ANNUAL GENERAL MEETING at **Hotel Timber Trail Resorts, Parwanoo, Distt. Solan (H.P.) on Monday, the 24th day of August, 2015 at 12.30 P.M.**

(Signature of Member/Proxy)

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	KDDL Limited
2.	Annual financial statements for the year ended	31 March 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	Signed by-	
	<ul style="list-style-type: none"> Chief Executive Officer Mr. Yashovardhan Saboo Chief Financial Officer Mr. Sanjeev Masown Auditor of the Company: For Walker Chandiook & Co LLP <i>(Formerly Walker, Chandiook & Co)</i> Chartered Accountants Firm Registration No.: 001076N 	  
	per Lalit Kumar Partner Membership No.: 095256 Place: Chandigarh Date: 28 May 2015	
	<ul style="list-style-type: none"> Audit Committee Chairman Mr. Jagesh Khaitan 	