



Date : 27th July, 2018

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

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

Trading Symbol : KDDL

Scrip Code : 532054

Subject: Annual Report for the Financial Year 2017-18

Dear Sir/ Madam,

Pursuant to the provisions of regulation 34(1) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report for the financial year 2017-18.

Kindly take the same on record.

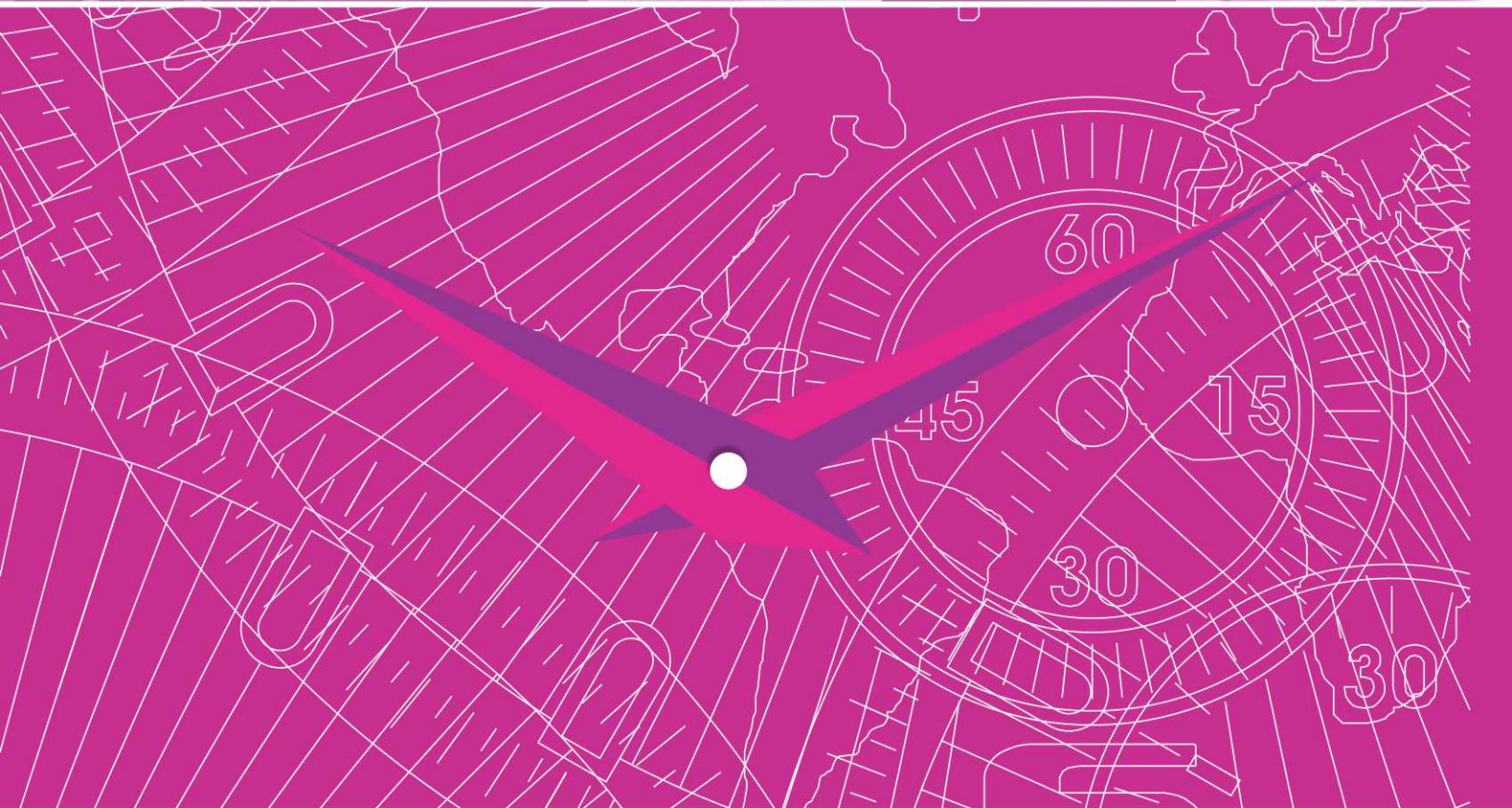
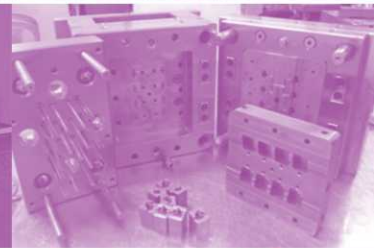
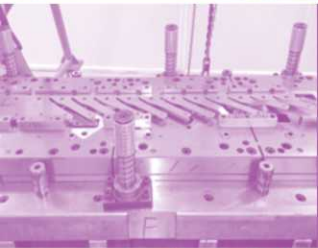
Thanking you,

Yours truly

For KDDL Limited

Brahm Prakash Kumar
Company Secretary





KDDL Limited

ANNUAL REPORT

2017 - 2018

KDDL Limited

BOARD OF DIRECTORS:

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

COMPANY SECRETARY AND COMPLIANCE OFFICER

- Mr. Raman Kumar Sood (upto 31 May 2018)
- Mr. Brahm Prakash Kumar (w.e.f. 1 June 2018)

BANKERS

- Bank of India
- IDBI Bank Limited
- Oriental Bank of Commerce

AUDITORS

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

CORPORATE OFFICE

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

REGISTERED OFFICE & DIALS UNIT – I

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

UNIT – II

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

HANDS UNIT

UNIT – I

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

UNIT – II

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

ASSEMBLY UNIT

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

PACKAGING UNITS

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

PRECISION ENGINEERING UNITS (EIGEN)

UNIT - I

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

UNIT - II

- Plot No. 9-B, Chokkasandra,
Peenya Industrial Area,
Bangalore – 560 058 (Karnataka)

UNIT - III

- Plot No. 55-A,
Aerospace Industrial Area,
Bangalore (Karnataka)

DELHI OFFICE

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

Company CIN – L33302HP1981PLC008123

CONTACT DETAILS

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

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KDDL Limited

(CIN - L33302HP1981PLC008123)

Registered Office: Plot No 3, Sector-III, Parwanoo, Distt. Solan, (H.P.) - 173220

Email: investors.complaints@kddl.com, Website: www.kddl.com

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

NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of KDDL Limited will be held at **Hotel Timber Trail Resorts, Parwanoo, Distt. Solan (H.P.) - 173220** on Saturday, 14th July 2018 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company (Standalone as well as Consolidated) for the financial year ended 31st March, 2018, the reports of the Board of Directors and Auditors thereon.
2. To consider and declare final dividend of Rs. 2.50 per equity share for the financial year 2017-18.
3. To re- appoint Mr. Sanjeev Kumar Masown, who retires by rotations at this Annual General Meeting and being eligible, offers himself for re-appointment

SPECIAL BUSINESS:

4. **Authorisation for borrowings by way of unsecured fixed deposits from shareholders of the Company.**

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

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

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

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

Date:14 May, 2018

Place: Gurugram, Haryana

By Order of the Board

Raman Sood

Company Secretary

Membership no. F3722

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 7th July, 2018 to 14th July, 2018 (both days inclusive) for the purpose of 38th Annual General Meeting (AGM) and payment of final dividend for the financial year 2017-18, if declared at AGM.

KDDL Limited

2. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, setting out the details pertaining to Special Business at the meeting, is annexed hereto.

3. **A member entitled to attend and vote at the Annual General Meeting (the “Meeting/AGM”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need no be a member of the Company. The instrument appointing the proxy in order to be effective, should be duly stamped, filled, signed and must, be deposited at the registered office of the Company not less than forty eight hours before the commencement of the Meeting.**

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

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

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

5. In accordance with the provisions of Section 124 of the Companies Act, 2013 and rules made thereunder, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. In terms of the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amount lying with the Company on its website .

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

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

8. As required under regulations 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant details of Director retiring by rotation and/or seeking re-appointment at the ensuing AGM are furnished as annexure A to this notice of AGM.

9. The Notice of 38th Annual General Meeting *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

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

11. Members may also note that the Notice of 38th Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website www.kddl.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on all working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors.complaints@kddl.com.
 12. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
 13. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
 14. **Voting through electronic means:**
 - I. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:
- I. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach 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 (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company'
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ajaykcs@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."
- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- i. E-Voting Event Number –XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
 - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
 - II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ("Insta Poll") shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.
- A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

OTHER INSTRUCTIONS

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. Suresh Babu D, (Unit: KDDL Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on 11th July, 2018 (10.00 A.M. IST) and ends on 13th July, 2018 (5.00 P.M.IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 7th July, 2018, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 7th July, 2018.

- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 7th July, 2018, he/she may obtain the User ID and Password in the manner as mentioned below :
- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may sendSMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
- Example for NSDL:
MYEPWD <SPACE> In12345612345678
- Example for CDSL:
MYEPWD <SPACE> 1402345612345678
- Example for Physical:
MYEPWD <SPACE>
- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy's toll free number 1800-3454-001.
- iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available
15. 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 a.m. to 2.00 p.m.) on all working days except on holiday, up to and including the date of the Annual General Meeting of the Company.

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

ITEM NO. 4

Section 73(2) of the Companies Act, 2013 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 above, 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 4 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.

The Board recommends the Special Resolution set out at item no. 4 of the notice for the approval of the Members.

Date:14 May, 2018

Place: Gurugram, Haryana

By Order of the Board

**Raman Sood
Company Secretary
Membership no. F3722**

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

Name of the Director	: Sanjeev Kumar Masown		
Date of Birth	: 30 th September, 1969		
Date of first Appointment	: 30 th May, 2016 as an Additional Director		
Qualification and experience in specific functional areas	: He is M.Com and Cost & Management Accountant (CMA). He has more than 25 years of experience in different manufacturing Companies. He is also Chief Financial Officer (CFO) of the Company since 2011 In addition to his role as CFO, he is the Business Head for Precision Engineering, Watch Dials and Packaging business of the Company.		
List of companies in which he holds Directorship	: Satva Jewellery & Design Limited		
List of companies in which he holds the membership of the Committee	: KDDL Limited	Stakeholders Relationship Committee	Member
Disclosure of relationships between directors inter - se;	Not Applicable		
Shareholding as on 31st March, 2018	2,000 Equity Shares		

DIRECTORS' REPORT

Dear Members,

Your Directors present this 38th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2018.

OPERATIONS AND PROSPECTS

Financial Results (Standalone and Consolidated)

The summary of operating results for the year 2017-18 and appropriation of divisible profits is given below:

Particulars	Amount in Rs millions			
	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Income	1520.4	1333.3	5084.9	4629.9
Profit before interest, depreciation and exceptional item	322.3	243.3	494.3	294.5
Less: Finance Cost	48.3	55.2	120.3	143.1
Gross Profit	274.0	188.1	374.0	151.4
Less: Depreciation and amortisation	74.0	72.5	121.3	116.1
Profit before Share of Profit of an associate	200.0	115.6	252.7	35.3
Share of Profit of an associate			-0.3	0.5
Profit Before tax	200.0	115.6	252.4	35.8
Less: Tax Expense	59.3	40.4	70.7	17.2
Net Profit / (Loss) for the Year	140.7	75.2	181.7	18.6
Other Comprehensive Income / (Loss) (OCI)	-3.0	-0.3	1.9	-6.1
Total Comprehensive Income / (Loss) for the period	137.7	74.9	183.6	12.5
Add: Profit brought forward from previous year	171.3	116.1	-18.8	-4.0
Profit available for appropriation	312.0	191.3	162.9	14.6
Transfer to Minority reserve		0	16.3	-5.6
Proposed Dividend	16.3	0	16.3	0.0
Corporate Dividend Tax	3.3	0	3.3	0.0
Transfer to General Reserve	40	20	40.0	20.0
Dividend on Cumulative Preference Shares (Net of Excess Provision)		0	-52.2	19.0
Total Appropriation	59.6	20	23.7	33.4
Surplus carried forward to Balance Sheet	252.4	171.3	139.2	-18.8

PERFORMANCE AND PROJECTIONS

During the year under review, the Company achieved consolidated sales revenue of Rs. 5084 million against Rs. 4630 million in the previous year, registering a healthy growth of 9.8%. Profit before tax improved from Rs. 35.8 million to Rs. 252.4 million.

Sales revenue from manufacturing operations on standalone basis grew by 14% to Rs. 1520 Million from Rs. 1333 Million in the previous year. The company earned net profit after tax of Rs. 140.7 million against Rs. 75.2 million in the previous year.

Sales revenue in ETHOS, the retail business of the Company improved from Rs. 3270 million in the previous year to Rs. 3578 million, registering a growth of 9.4%. Retail business segment reported profit before tax of Rs. 52 million against the loss before tax of Rs 84.5 million in previous year.

Manufacturing Business Segments

The main revenue of the manufacturing business is from watch components segment. The Swiss watch market, the main destination for our exports, which was declining continuously for last 2 years, recovered during the year and witnessed a growth of 2.7% compared to previous year. On the other hand, the domestic watch market has continued to grow.

Due to improved market conditions revenue of the company from watch components improved by 12.5%; major growth of 29% was contributed by the domestic market whereas exports revenue improved by 4.6%. The other major segment of revenue is from the precision engineering business, wherein the company registered a healthy growth of 31% over the previous year. The revenue growth from domestic and exports market was 39% and 16% respectively. The revenue from ornamental packaging business of the company witnessed a growth of 8.8%.

As we continue to move up the value chain in the watch component manufacture. We are implementing multiple initiatives to enhance capabilities to manufacture more complex products and improved productivity. We continue to focus on manufacturing excellence with the goals of world class delivery compliance, quality and time to market (TAT).

The revenue from the precision engineering business of the Company is expected to maintain a healthy growth as we continue to expand our capabilities and capacity. Your company has established its reputation as a quality supplier with the ability to meet sophisticated customer needs. By focusing on the vital levers of operational performance while adding key technical capabilities and show-casing our capabilities at leading international trade exhibitions and on digital platforms, we are confident of healthy growth and returns in the ensuing periods.

The expansion project for the precision engineering business was delayed due to heavy rains in Bangalore but now the progress is as per revised schedule. We have already commenced partial operations and the new facility will be fully functional by the second half of FY 2019. As a part of the expansion, we are shifting and consolidating our existing precision engineering manufacturing facilities also at the new location. The Company continues to believe that this business segment will be a major source of growth in the future.

Retail Business Segments:

FY17-18 began on a challenging note for the luxury watch retail business. The after effects of many regulatory changes continued to have an impact on the performance of the business in the first half of the year. These regulatory changes included the introduction of PAN requirement for transactions above Rs. 2 lakhs, requirement for collecting TCS for all transaction in cash above Rs. 3 lakhs, demonetisation in November 2016 and the subsequent banning of all cash transactions above Rs. 2 lakhs with effect from 1st April 2017. The initial uncertainties of the implementation of the GST regime also had a less than salutary impact of the business.

The business showed an impressive turnaround in the second half of the year. This came close on the heels of the changes in the GST rates on watches from 28% to 18%, consequent to which there was a reduction in the prices of watches. This fuelled demand in an already robust festive and wedding season. The fact that the uptrend of demand continued even after the season period is a testimony to the fundamental strategic changes to the business model that have been brought over the past 2 years.

The Company's Swiss subsidiary, Pylania SA in Switzerland reports financial performance as per the expected levels and its financial performance is continuously improving for last 5 years, made possible by calibrated efforts for revenue enhancement and curtailing overheads. The recently implemented "Swiss Made" regulations and guidelines in Switzerland is also providing new opportunities for the watch component business of the Company

KDDL Limited

through Pylania.

During the year, the 100% subsidiary company, Satva Jewellery and Design Limited (SJDL) merger with the parent company is in progress and the merger of this company will provide support for greater efficiency in operations and better utilization of resources and assets of SJDL.

DEPOSITS

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

1. Deposits Accepted/ renewed during the year	:	Rs 4,07,03,000
2. Deposits outstanding at the end of the year	:	Rs. 11,29,44,000
3. Deposits remained unpaid or unclaimed as at the end of the year	:	Nil
4. Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	:	NIL
5. The details of deposits which are not in compliance with the requirements of Chapter	:	NIL

CHANGES IN SHARE CAPITAL

During the Financial Year ended on 31st March, 2018, the paid up equity share capital of the Company has increased from Rs. 10,83,95,860 to Rs. 10,95,27,920 pursuant to the issue and allotment of 1,13,206 equity shares at a price of Rs 265/- per share (including a premium of Rs. 255/- per share) by way of preferential allotment to promoters, by way of conversion of Equity Share warrants into Equity post subscription of full amount as authorized by the shareholders by way of Special Resolution passed at Extra Ordinary General Meeting held on 8th November 2016.

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

SUBSIDIARY COMPANY

During the period under review, Cadrafin Sari, an associate company was incorporated in Switzerland in which Kamla International Holding SA, a wholly owned subsidiary company holds 22% ownership. A separate statement containing salient features of the financial statements of Company's subsidiaries in prescribed format AOC-I is annexed as **Annexure 1** to this report.

LISTING OF SHARES

The equity shares of the Company are listed at National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE). The Company has paid the Annual Listing Fees to NSE and BSE for the financial year 2018-19.

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 (the act).

KDDL Limited

As per the provisions of Section 136 of the act, the Company has placed separate audited accounts of its subsidiaries on its website www.kddl.com and a copy of the same 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 2017-18 is enclosed with this report as **Annexure 2**.

NUMBER OF BOARD & COMMITTEE MEETINGS

The details of board and committee meetings held during the financial ended 31st March, 2018 are set out in the Corporate Governance Report which forms a part of this report. The intervening gap between the meetings was within the period prescribed under the Act, Secretarial Standard-I and the Listing Regulations.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (3) (c) read with Section 134(5) of the act and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Obligations) 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 as at 31st March, 2018 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION & REMUNERATION POLICY

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

APPOINTMENT OF INDEPENDENT AUDITOR

M/s BSR & Co. LLP, Chartered Accountants, (Registration No.101248W/W-100022) were appointed as Statutory Auditors of the Company at the 37th Annual General Meeting (AGM) held on 11th August, 2017 for a term of two

KDDL Limited

years to hold office from the conclusion of the 37th AGM till the conclusion the 39th AGM. The requirement of placing the matter relating to the ratification of above appointment at every AGM has been omitted by the Companies (Amendment) Act, 2017 w.e.f. 7th May, 2018.

Information referred in Auditors' Report are self-explanatory and don't call for any further comments.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the act and rules made there under, the Company appointed M/s A. Arora & Co., a firm of Company Secretaries (C.P. No 993) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in prescribed format MR.-3 given by aforesaid Secretarial Auditors is annexed to this Board Report as **Annexure 3** and forms an integral part. The report doesn't contain any reservation, qualification or adverse mark.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

The details of Loans, Guarantees and Securities, and Investments covered under Section 186 of the act are given in the financial statement of the company during the period under review.

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 act for the Financial Year 2017-18 in the prescribed Form AOC 2 has been enclosed with the report as **Annexure 4**.

BOARD'S COMMITTEES

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

- a) Audit Committee
- b) Nomination & Remuneration Committee
- c) Corporate Social Responsibility (CSR) Committee
- d) Stakeholders Relationship Committee

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

AMOUNTS TRANSFERRED TO RESERVES

The Board of Directors of the Company has decided to transfer Rs. 40 million to its General Reserves.

DIVIDEND

Your Directors have recommended a dividend of 25% i.e. Rs. 2.5 per equity share of face value of Rs. 10 each. The dividend shall be paid after the approval of the shareholders at the ensuing Annual General Meeting.

The total financial outgo of the dividend to be paid to shareholders will be Rs. 33.01 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 act, the company has duly transferred the Unclaimed Dividend up to the financial years 2007-08 to the Investor Education and Protection Fund established by the Central Government . As no dividend was declared during the financial year 2008-09 and 2009-10, hence no amount was required to be transferred to the said fund during the year.

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, 2018 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

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

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

Risk Strategy

The 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

The 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 contributed to KDDL-Ethos foundation and the projects are undertaken by the trust formed for this purpose. These projects have been undertaken in compliance with the provision of the Section 135 of the act read with Schedule VII and rules made there under and in accordance with Company's CSR Policy. The Annual Report on CSR activities 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 the Listing Regulations, 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 Board, Committees there of and Independent Directors was completed on time. The performance evaluation of the Board as a whole, Chairman and the Non-Independent Directors was carried out by the Independent Directors at their meeting.

DIRECTORS

There was no change in the composition of Board of Directors during the year. Mr. Sanjeev Kumar Masown, Whole time Director who retires by rotation at ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

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 the Listing Regulations. The company also has well documented Standard Operating Procedures (SOPs) for various processes which are periodically reviewed for changes warranted due to business needs.

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

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

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

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

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

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

The disclosure pertaining to Employee Stock Option Plan of the Company is enclosed as a **Annexure-6**

DECLARATION BY INDEPENDENT DIRECTOR

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the act and the regulations 16 (1) (b) of the Listing Regulations.

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**.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Board of Directors of the Company has adopted Whistle Blower Policy effective from 2nd 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. The Whistle Blower Policy of the Company is available at the link http://www.kddl.com/pdf/2015/KDDL_Whistle_Blower_Policy.pdf.

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

The Company had about 271 women employees, both permanent as well as contractual in various fields within the factory premises and offices. The Company has in place an 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 2017-18 and hence no complaint is outstanding as on 31st March, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Report on Management Discussion and Analysis, pursuant to Listing Regulations is annexed to this report as **Annexure - 9**.

CORPORATE GOVERNANCE

The Company has complied with all the requirements of Corporate Governance as stipulated in Listing Regulations during the year ended on 31st March, 2018 as per Report on Corporate Governance annexed as **Annexure -10** and a Certificate from the Practicing Company Secretary to this effect for the year ended on 31st March, 2018 is also enclosed with this report.

CASH FLOW ANALYSIS

In conformity with the provisions of Clause 34(2) of Listing Regulations, the Cash Flow Statement for the financial year ended on 31st March, 2018 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.

ACKNOWLEDGMENTS

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

Date : 14 May, 2018
Place : Gurugram, Haryana

For and on behalf of the Board of Directors

Yashovardhan Saboo
Chairman & Managing Director
DIN : 00012158

Form AOC-1

Annexure - '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.)

Amount Rs in lacs

Particulars	Amount Rs in lacs					
	Pylania S.A.	Kamla International Holdings AG	Ethos limited	Mahen Distribution Limited	Cognition Digital LLP	Satva Jewellery & Design Limited
Name of the subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31/03/2018	31/03/2018	31/03/2018	31/03/2018	31/03/2018	31/03/2018
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rs. Exchange Rate : B/S : CHS = Rs. 69.13 P/L: CHS = Rs. 67.22	Rs. Exchange Rate : B/S : CHS = Rs. 69.13 P/L: CHS = Rs. 67.22	Rs.	Rs.	Rs.	Rs.
Share capital	1,050.64	383.51	2,340.86	600.57	42.94	300.00
Reserves & surplus	(831.08)	31.52	7,570.10	68.98	0.23	(346.76)
Total assets	1,022.91	180.03	24,982.18	13,39.35	42.94	117.61
Total Liabilities	926.30	1.83	15,821.22	671.69	0.23	164.35
Investments	nil	nil	nil	nil	nil	-
Turnover	1,905.79	1.01	35,784.95	591.96	nil	7.76
Profit before taxation	127.95	(1.52)	520.95	(37.96)	(0.23)	(21.48)
Provision for taxation	1.68	1.14	121.32	-	nil	-
Profit after taxation	126.27	(2.66)	399.63	(37.96)	(0.23)	(21.48)
Proposed Dividend	nil	nil	nil	nil	nil	nil
% of shareholding	85%	100	78.68%	98.72	100	100

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Raman Sood
Company Secretary
Membership no. F3722

Place : Gurugram, Haryana
Date : 14 May 2018

KDDL Limited

Part "B": Associates and Joint Ventures

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

Name of Associates	Kamla Tesio Dials Limited
1. Latest audited Balance Sheet Date	31/3/2017
2. Shares of Associate/ Joint Ventures held by the company on the year end	
No.	3 Lakhs
Amount of Investment in Associates/ Joint Ventures	Rs. 30 Lakhs
Extent of Holdings %	30%
3. Description of how there is significant influence	Associate
4. Reason why the associate/ joint venture is not consolidated	N.A.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 27.72 Lakhs
6. Profit/ Loss for the Year	Rs. 0.96 Lakhs
i. Considered in Consolidation	Rs. 0.29 Lakhs
ii. Not Considered in Consolidation	Rs. 0.68 Lakhs

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Raman Sood
Company Secretary
Membership no. F3722

Place : Gurugram, Haryana
Date : 14 May 2018

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN :- L33302HP1981PLC008123
- ii) Registration Date :- 8th January, 1981
- iii) Name of the Company :- KDDL Limited
- iv) Category / Sub-Category of the Company :- Public Company(Limited by Shares)
- v) Address of the Registered office and contact details :-
Plot no. 3, Sector III, Parwanoo 173 220 (Himachal Pradesh)
Telephone no.: 01792-232462/233402
Fax no.: 01792-232619
- vi) Whether listed company :- Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:-
Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032
Phone No: 040-67161516/1518, Fax: 040-23420818 Website: www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Watch Dials & watch hands	26521	73.60
2.	Components & Press tools	26101 & 225933	23.00

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	75.86	2(87)(ii)
3	Pylania SA	--	Subsidiary Company	85.00	2(87)(ii)
4	Kamla International Holding SA	--	Wholly Owned Subsidiary	100.00	2(87)(ii)
5	Satva Jewellery and Design Limited	U36911CH2004PLC027767	Wholly owned Subsidiary	100.00	(2)(6)
6	Kamla Tesio Dials Limited	U33309CH1996PLC018732	Associate Company	30.00	(2)(6)
7	Cadrafan Sari	--	Associate Company	22.00	(2)(6)

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

i) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 01/04/2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	4784781	0	4784781	44.14	4882893	0	4882893	44.58	0.44
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	16310	60000	76310	0.70	31404	0	31404	0.29	-0.42
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	4801091	60000	4861091	44.85	4914297	0	4914297	44.87	0.02
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	60000	0	60000	0.55	0.55
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	60000	0	60000	0.55	0.55
	Total A=A(1)+A(2)	4801091	60000	4861091	44.85	4974297	0	4974297	45.42	0.57
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	94780	2900	97680	0.90	74580	2900	77480	0.71	-0.19
(b)	Financial Institutions /Banks	1174	50	1224	0.01	0	50	50	0.00	-0.01
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	1510932	0	1510932	13.94	1787305	0	1787305	16.32	2.38
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	1606886	2950	1609836	14.85	1861885	2950	1864835	17.03	2.17
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1402371	101771	1504142	13.88	1289688	101538	1391226	12.70	-1.17
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	1371004	306383	1677387	15.47	1304879	285790	1590669	14.52	-0.95
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	943765	0	943765	8.71	962604	0	962604	8.79	0.08

KDDL Limited

(c)	Others									
	CLEARING MEMBERS	47613	0	47613	0.44	475	0	475	0.00	-0.43
	FOREIGN BODIES	48000	0	48000	0.44	40000	0	40000	0.37	-0.08
	NBFC	1000	0	1000	0.01	2389	0	2389	0.02	0.01
	NON RESIDENT INDIANS	105914	50	105964	0.98	86770	50	86820	0.79	-0.18
	NRI NON-REPATRIATION	40788	0	40788	0.38	39477	0	39477	0.36	-0.02
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	3960455	408204	4368659	40.30	3726282	387378	4113660	37.56	-2.74
	Total B=B(1)+B(2) :	5567341	411154	5978495	55.15	5588167	390328	5978495	54.58	-0.57
	Total (A+B) :	10368432	471154	10839586	100.00	10562464	390328	10952792	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	10368432	471154	10839586	100.00	10562464	390328	10952792	100.00	

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			%age change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	R.K. Saboo	1862107	17.18		1862107	17.00		-0.18
2	Yashovardhan Saboo	1051501	9.70		1074142	9.81		+0.11
3	Yashovardhan Saboo	333000	3.07	3.30	333000	3.04	3.04	-0.03
4	Usha Devi Saboo	436180	4.03		436180	3.98		-0.05
5	Anuradha Saboo	308050	2.84		360880	3.29		+0.45
6	Pranav Shankar Saboo	170120	1.57		177667	1.62		+0.05
7	Satvika Saboo	130121	1.20		130121	1.19		-0.01
8	Yashovardhan Saboo	91371	0.85		91371	0.83		-0.02
9	Rajendra Kumar Saboo	88432	0.82		88432	0.81		-0.01
10	Anuradha Saboo	75977	0.70		75977	0.69		-0.01
11	Rajendra Kumar Saboo	69820	0.64		69820	0.64		0
12	Pranav Shankar Saboo	44784	0.42		44784	0.41		-0.01
13	Asha Devi Saboo	30925	0.28		30925	0.28		0

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14	Rajendra Kumar Saboo	30800	0.28		30800	0.28		0
15	Usha Devi Saboo	15000	0.14		15000	0.14		0
16	Yashovardhan Saboo	22908	0.22		38002	0.35		+0.13
17	Yashovardhan Saboo	10750	0.10		10750	0.10		0
18	Rajendra Kumar Saboo	7301	0.06		7301	0.06		0
19	Satvika Saboo	5634	0.05		5634	0.05		0
20	Vardhan Properties & Investment Limited	9001	0.08		9001	0.08		0
21	Dream Digital Technology Limited	7309	0.07		22403	0.20		+0.13
22	Swades Capital LLC	60000	0.55		60000	0.55		0
	Total	4861091	44.85	3.30	4974297	45.4		

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

Sl.No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year					
1.	Yashovardhan Saboo	1475872	13.62		
2.	Anuradha Saboo	384027	3.54		
3.	Pranav Shankar Saboo	214904	1.98		
4.	Yashovardhan Saboo HUF	33658	0.31		
5.	Dream Digital Technology P Ltd	7309	0.07		

Date wise Increase/Decrease in Promoter shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)

Dated 15-03-2018

Conversion of Zero Coupon Convertible Warrants(ZCCW) into equity shares as per the terms of issue.

	Name of Promoter	No. of Zero Coupon Convertible Warrants converted into shares	Shareholding before conversion	Shareholding after Conversion	% of Capital
1.	Yashovardhan Saboo	22641	1475872	1498513	13.68
2.	Anuradha Saboo	52830	384027	436857	3.99
3.	Pranav Shankar Saboo	7547	214904	222451	2.03
4.	Yashovardhan Saboo HUF	15094	33658	48572	0.45
5.	Dream Digital Technology P Ltd	15094	7309	22403	0.20
At the end of the year					
1.	Yashovardhan Saboo	1498513		13.68	
2.	Anuradha Saboo	436857		3.99	
3.	Pranav Shankar Saboo	222451		2.03	
4.	Yashovardhan Saboo HUF	48572		0.45	
5.	Dream Digital Technology P Ltd	22403		0.20	

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

Slno	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase /Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	SAIF INDIA V FII HOLDINGS LIMITED	1008400	9.30	31/03/2017			1008400	9.30
				01/04/2018			1008400	9.21
2	SAIF PARTNERS INDIA V LIMITED	754716	6.96	31/03/2017			754716	6.96
				01/04/2018			754716	6.89
3	KITARA INDIA MICRO CAP GROWTH FUND	374680	3.46	31/03/2017			374680	3.46
				01/04/2018			374680	3.42
4	PARAM CAPITAL RESEARCH PRIVATE LIMITED	211536	1.95	31/03/2017			211536	1.95
				01/04/2018			211536	1.93
5	PARTNER REINSURANCE EUROPE SE-ALCHEMY CAPITAL	0	0.00	31/03/2017			0	0.00
				22/12/2017	18795	Transfer	18795	0.17
				29/12/2017	9075	Transfer	27870	0.26
				05/01/2018	16651	Transfer	44521	0.41
				12/01/2018	18918	Transfer	63439	0.59
				19/01/2018	4206	Transfer	67645	0.62
				26/01/2018	14146	Transfer	81791	0.75
				02/02/2018	22928	Transfer	104719	0.97
				09/02/2018	1347	Transfer	106066	0.98
				23/03/2018	3072	Transfer	109138	1.01
				30/03/2018	10338	Transfer	119476	1.10
6	SBI PIPE FUND - 1	94780	0.87	31/03/2017			94780	0.87
				01/12/2017	-10200	Transfer	84580	0.78
				09/02/2018	-10000	Transfer	74580	0.69
				01/04/2018			74580	0.68
7	ANANTROOP FINANCIAL ADVISORY SERVICES PRIVATE LIMI	84000	0.77	31/03/2017			84000	0.77
				01/04/2018			84000	0.77
8	UNIVERSAL GOLDEN FUND	82817	0.76	31/03/2017			82817	0.76
				07/04/2017	56338	Transfer	139155	1.28
				26/05/2017	18977	Transfer	158132	1.46
				14/07/2017	11988	Transfer	170120	1.57
9	MAVEN INDIA FUND	0	0.00	31/03/2017			0	0.00
				17/11/2017	50000	Transfer	50000	0.46
				16/03/2018	11007	Transfer	61007	0.56
				01/04/2018			61007	0.56
10	R C TRITEC AG	60000	0.55	31/03/2017			60000	0.55
				01/04/2018			60000	0.55

v) Shareholding of Directors and Key Managerial Personnel:

Sl.No.	For each of the Directors and Key Managerial Personnel	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
A	Mr. Yashovardhan Saboo (Individually and through HUF)	1509530	13.93	1509530	13.93
B	Mr. Jagesh Khaitan	466	0	466	0
C	Mr. Anil Khanna	4283	0.04	4283	0.04
D	Mr. Sanjeev Kumar Masown	2000	0.02	2000	0.02
E	Mr. Sanjiv Sachar	1400	0.01	1400	0.01
	Date wise Increase/Decrease in Promoter shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) : Conversion of Zero Coupon Convertible Warrants into equal no. of equity share on 15 March, 2018 by Mr. Yashovardhan Saboo (Individually and through HUF)				
	At the end of the year				
A	Mr. Yashovardhan Saboo (Individually and through HUF)	1547265	14.13	1547265	14.13
B	Mr. Anil Khanna	4283	0.04	4283	0.04
C	Mr. Jagesh Khaitan	466	0	466	0
D	Mr. Sanjeev Kumar Masown	2000	0.02	2000	0.02
E	Mr. Sanjiv Sachar	1400	0.01	1400	0.01

V. INDEBTEDNESS

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

Particulars		Secured Loans	Deposits	Total Indebtedness
Indebtedness as at the beginning of the Financial Year 1.4.2017				
1	Principal Amount	273,119,532	124,402,000	397,521,532
2	Interest Due but not paid			
3	Interest accrued but not due		13,220,225	13,220,225
	Total of (1+2+3)	273,119,532	137,622,225	410,741,757
Change in indebtedness during the financial year				
	Addition	389,004,420	54,403,000	443,407,420
	Reduction	140,219,552	40,941,000	181,160,552
	Net Change	248,784,868	13,462,000	262,246,868
Indebtedness as at the end of the Financial Year 31.3.2018				
1	Principal Amount	521,904,400	137,864,000	659,768,400
2	Interest Due but not paid	-	-	-
3	Interest accrued but not due	2,045,071	15,412,787	17,457,858
	Total of (1+2+3)	523,949,471	153,276,787	677,226,258

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of the Remuneration	Name of MD/WTD/Manager		
		Mr. Yashovardhan Saboo	Mr. Sanjeev Kumar Masown	Total Amount in
1.	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11918669	6370359	18289028
(b)	Value of perquisites u/s (17(2) of Income Tax Act, 1961	482205	54345	536550
(c)	Profits in lieu of salary under section 17(3) Income-tax of Income Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
(a)	as % of profit			
(b)	Others, specify			
5	Others, please specify			
	Total (A)	12400874	6424704	18825578
	Overall Ceilings	As per Act	As per Act	As per Act

B. Remuneration to Other Directors:

Sl. No.	Particulars of the Remuneration	Name of Directors						Total Amount
		Mr. J.V.Saboo	Mr. Sanjiv Sachar	Mr. Anil Khanna	Mr. Jagesh Khaitan	Mrs. Ranjana Agarwal	Mr. Praveen Gupta	
1	Independent Directors							
	Fees for attending board/committee meetings		85000	125000	140000	95000	80000	525000
	Commission							
	Others, please specify							
	Total (1)	--	85000	125000	140000	95000	80000	525000
2	Other Non Executive Directors							
	Fees for attending board/committee meetings	15000						15000
	Commission	-						
	Others, please specify	-						
	Total (2)							15000
	Total (B) = 1 + 2	15000	85000	125000	140000	95000	80000	540,000
	Total Managerial Remuneration	15000	85000	125000	140000	95000	80000	540,000
	Overall Ceilings as per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act	As per Act

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

Sl. No.	Particulars of the Remuneration	Key Managerial Personnel		
		Company Secretary	WTD-CUM-CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1738220	6370359	8108579
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	nil	54345	54345
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	a) as % of profit	Nil	Nil	Nil
	b) Others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	1738220	6424704	8162924

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

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

Form No. MR-3**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KDDL LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the KDDL LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KDDL LIMITED ("the Company") for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the amendments thereof: Not Applicable, as none of the securities of the company were delisted during the audit period.
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable as the company has not provided any share based benefits to the employees during the year.
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable as the company has not bought back any of its securities during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, Industrial Dispute Act, 1947, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972, The Industrial Employment (Standing Order) Act, 1946.
- (vii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (viii) The Air (Prevention and Control of Pollution) Act, 1981
- (ix) The Water (Prevention and Control of Pollution) Act, 1974

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

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

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decision is carried through majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

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

KDDL Limited

compliance with applicable laws, rules, regulations and guidelines.

I further report that the company has not filed the requisite returns in Form MGT-14 regarding the Board Resolutions passed for approval of financial statements and investments of company's funds.

I further report that during the audit period:

1. Approval of the members was sought in the 37th Annual General Meeting of the company held on 11.08.2017 for:
 - a. The Articles of Association of the company by way of special resolution.
 - b. Investment of the funds of the company into the share capital (Equity/Preference) of Ethos Limited, a subsidiary company upto a limit of Rs. 30.00 Crores (Rupees Thirty Crores only), including the investments already made during previous financial year, by way of special resolution.
 - c. Borrowing by way of inviting and accepting unsecured fixed deposits from shareholders of the company, by way of ordinary resolution.
2. Approval of the members was sought in an Extra Ordinary General Meeting of the company held on 11.08.2017 for:
 - a. The proposed scheme of Amalgamation of Satva Jewellery and Designs Limited, a Wholly Owned Subsidiary company with KDDL Limited by way of Special resolution.
 - b. Material related party transaction with Ethos Limited, Subsidiary Company, for subscribing to its paid up share capital, subject to the maximum value of the investments not to exceed Rs. 20.00 Crores (Rupee Twenty Crores only).
3. The company has allotted 1,13,206 equity shares of Rs. 10/- each, at a price of Rs. 265/- per share, to the Promoters/ Promoters Body Corporate, upon conversion of Zero Coupon Convertible Warrants held by them.

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

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

Place:- Chandigarh

Date: - 14-05-2018

For A. Arora & Co.

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

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 A to Secretarial Audit Report

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

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

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

Place: - Chandigarh

Date: - 14-05-2018

For A. Arora & Co.

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

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 contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
1.	Dream Digital Technologies Pvt. Ltd.	Lease Agreement		Leasing of part of premises at Kamla Centre, SCO 88-89, Sector 8-C, Chandigarh w.e.f. 1 st December 2017	Official	08.12.2017	nil	NA
2.	Dream Digital Technologies Pvt. Ltd.	Inter Corporate Deposit	1 Year	Accepting Inter Corporate Deposit of Rs. 1 crore only.	Borrowings	11/08/2017		
3.	Yashovardhan Saboo	Lease Agreement	3 Years	Lease of portion of House No. 1, Sector 5, Chandigarh	Official/ Residential purpose	30/05/2017	Nil	NA
4.	Ethos Limited	Sub Lease Agreement	3 Years	Leasing of part of premises at 2-A, Block-L, Hauz Khas Enclave New Delhi	Official	30/05/2017	Nil	NA

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
5	Ethos Ltd	Investment		Investment of Rs. 7 Crores by way of subscribing 4,96,453 equity shares of Rs. 10 each of Ethos Ltd. at Rs. 141 each including a premium of Rs. 131 per share.	Investment in subsidiary company	14.09.2017	Nil	11.08.2017
6	Ethos Ltd	Investment		Investment of Rs.15 Crores by way of subscribing 10,86,956 equity shares of Rs. 10 each of Ethos Ltd. at Rs. 138 each including a premium of Rs. 128 per share.	Investment in subsidiary company	15.3.2018	Nil	07.02.2018
7	Ethos Ltd	Corporate Guarantee		Providing Corporate Guarantee for the borrowings to be made by Ethos Ltd. for a sum not exceeding Rs. 10 Crores including the guarantees already made	To enable Ethos Ltd. to avail borrowings	8.12.2017	Nil	NA
8	Ethos Ltd	Corporate Guarantee		Providing Corporate Guarantee for adhoc cash credit facilities of Rs. 1 Crore to J&K Bank of behalf of Ethos Ltd.	Corporate Guarantee	7.02.2018	NIL	NA
9	Ethos Ltd	Corporate Guarantee		Providing Corporate Guarantee for credit facilities of Rs. 32.75 Crore to IDBI Bank of behalf of Ethos Ltd.	Corporate Guarantee	7.02.2018	NIL	NA
10	Dream Digital Technology Pvt. Ltd.	Retainership Agreement	2 Years	Providing consultancy services, website development, advisory services for E-Commerce business.	Advisory Services	30.05.2017	NIL	NA

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/trans actions	Duration of the contracts / arrangements/trans actions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Amt (Rs in lakh.)		Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
					Particulars			
1.	Saboo Coatings Limited (Entity over which significant influence is exercise by the KMP/Promoter Directors)	Business Transactions	Transactions in the normal course of business during 2017-18	Particulars i) Purchase of Raw Material etc ii) Security Deposit iii) Rent received	5.40 9.54 6.75		Not Required	NIL
2.	Pylania SA (Subsidiary Company)	Business Transactions	Transactions in the normal course of business during 2017-18	i) Purchase of Raw Material etc ii) Sale of Goods & Services iii) Guarantee Charges received iv) Purchase of Fixed Assets iv) Re-imbursment of expenses v) Guarantees given vi) Sale of fixed assets vii) Job work charges	14.29 252.86 12.77 42.84 123.88 300.34 11.99 21.76		Not Required	NIL
3.	Ethos Limited	Business Transactions	Transactions in the normal course of business during 2017-18	i) Purchase of Raw Material etc ii) Sale of Goods & Services iii) Salary of employees recovered iv) Rent received v) Expenses recovered vi) Investments made vii) Rent paid by the company viii) Security Deposit taken ix) Guarantees given x) Preference share redeemed x) Re-imbursment of expenses	10.04 6.24 1.62 13.26 5.73 2250.58 17.70 6.77 5969.31 300.00 6.77		Not Required	NIL
	Kamla Tesio Dials Ltd	Business Transactions	Transactions in the normal course of business during 2017-18	i) Rent Paid ii) Expenses recovered	6.00 0.02		Not Required	NIL
4.	Satva Jewellery & Design Limited	Business Transactions	Transactions in the normal course of business during 2017-18	i) Rent Paid ii) Interest Received iii) expenses recovered	6.00 14.50 2.74		Not Required	NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/trans actions	Duration of the contracts / arrangements/trans actions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Amount paid as advances, if any:	Date(s) of approval by the Board, if any:
5.	Dream Digital Technology Limited	Business Transactions	Transactions in the normal course of business during 2017-18	i) Management consultancy fee ii) Expenses recovered iii) Interest Paid iv) Inter corporate deposit received v) Rent received vi) Reimbursement of expenses	21.00 0.47 4.02 100.00 0.20 1.05	Not Required
6.	Vardhan Properties and Investment Limited	Business Transactions	Transactions in the normal course of business during 2017-18	i) Interest Paid ii) Inter corporate deposit received iii) Inter corporate deposit repaid iv) Interest Income v) Deposit (FDR) accepted vi) Dividend paid	4.25 500.00 500.00 11.34 17.00 0.24	Not Required
7.	VBL Innovations Pvt. Limited	Business Transactions	Transactions in the normal course of business during 2017-18	Nil	Nil	Not Required
8.	Vardhan International Limited	Business Transactions	Transactions in the normal course of business during 2016-17	Nil	Nil	Not Required
9.	Mahen Boutiques Ltd.	Business Transactions	Transactions in the normal course of business during 2016-17	Nil	Nil	Not Required
10.	Asha Devi Saboo	Business Transactions	Transactions in the normal course of business during 2017-18	i) Interest Paid ii) Dividend Paid	1.14 0.46	Not Required
11.	Mr. R.K. Saboo.	Business Transactions	Transactions in the normal course of business during 2017-18	i) Management consultancy fee ii) Dividend Paid	15.00 29.72	Existing Contract

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/trans actions	Duration of the contracts / arrangements/trans actions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
12.	Mr.Yashovardhan Saboo	Business Transactions	Transactions in the normal course of business during 2017-18	i) Rent paid ii) Remuneration iii) Dividend Paid	Existing Contract	NIL
13.	Ms. Anuradha Saboo.	Rent Paid for Property	Transactions in the normal course of business during 2017-18	i) Rent Paid ii) Dividend Paid	Existing Contract	NIL
14.	Ms. Usha Saboo	Rent Paid for Property	Transactions in the normal course of business during 2017-18	i) Rent Paid ii) Dividend paid	Existing Contract	NIL
15.	Mr. Sanjeev K Masown	Business Transaction	Transactions in the normal course of business during 2017-18	i) Salary paid ii) Interest Paid/ accrued iii) Deposits received iv) Interest received v) Repayment of Loan vi) Dividend paid	Existing Contract	NIL
16.	Mrs. Neeraj Masown	Business Transactions	Transactions in the normal course of business during 2017-18	i) Interest Paid ii) Deposits	Existing Contract	NIL
17.	Sh. Lal Chand Masown	Business Transactions	Transactions in the normal course of business during 2017-18	Interest Paid	Existing Contract	NIL
18.	Mr Anil Khanna	Business Transactions	Transactions in the normal course of business during 2017-18	i) Interest Paid ii) Director sitting Fee iii) Dividend Paid	Existing Contract	NIL
19.	Mrs Alka Khanna	Business Transactions	Transactions in the normal course of business during 2017-18	i) Interest Paid ii) Deposit accepted	Existing Contract	NIL
20.	Mrs Ranjana Agarwal	Business Transactions	Transactions in the normal course of business during 2017-18	i) Interest Paid ii) Director sitting Fee	Existing Contract	NIL

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
21.	KDDL Ethos Foundation	Business Transactions	Transactions in the normal course of business during 2017-18	CSR contribution made	Existing Contract	NIL
22.	Mr. Jagesh Khaitan	Business Transactions	Transactions in the normal course of business during 2017-18	i) Director sitting Fee ii) Dividend paid	Existing Contract	NIL
23.	Mr. Praveen Gupta	Business Transactions	Transactions in the normal course of business during 2017-18	Director sitting Fee	Existing Contract	NIL
24.	Mr. Sanjiv Sachar	Business Transactions	Transactions in the normal course of business during 2017-18	i) Director sitting Fee ii) Dividend Paid	Existing Contract	NIL
25.	Mt. Jai Vardhan Saboo	Business Transactions	Transactions in the normal course of business during 2017-18	Director sitting Fee	Existing Contract	NIL
26.	Tara Chand Mahendra Kumar HUF	Business Transactions	Transactions in the normal course of business during 2017-18	Dividend Paid	Existing Contract	NIL
27.	Mr. Pranav S Saboo	Business Transactions	Transactions in the normal course of business during 2017-18	Dividend Paid	Existing Contract	NIL
28.	Saboo Venture LLP	Business Transactions	Transactions in the normal course of business during 2017-18	Sale of Fixed Assets	Existing Contract	NIL

Date : 14 May, 2018
Place : Gurugram, Haryana

For and on behalf of the Board of Directors

Yashovardhan Saboo
Chairman & Managing Director
DIN : 00012158

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

(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.kddl.com/html/csr_policy.html

KDDL contribute towards CSR through its' charitable foundation namely KDDL-ETHOS FOUNDATION, which is eligible to conduct permissible CSR activity. KDDL has contributed an amount of Rs.15.50 Lacs for the financial year 2017-18 to KDDL-ETHOS FOUNDATION for carrying out various CSR activities, (besides CSR activity taken up directly) as permissible under section 135 of The Companies Act, 2013 and allied rules.

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

Mr. R.K. Saboo	Chairman Emeritus	Chairman
Mr. Yashovardhan Saboo	Executive Director	Member
Mrs. Ranjana Agarwal	Independent Director	Member
Mr. Jagesh Khaitan	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 lakhs)

For the year ended on 31 st March, 2017	:	1103.98
For the year ended on 31 st March, 2016	:	988.25
For the year ended on 31 st March, 2015	:	1057.25
Average net profits	:	1049.82

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

Rs. 20.99 lakhs (being 2% of the average net profits as stated at item 3 above)

5. Details of CSR spent during the financial year

- (a) Total amount to be spent for the financial year Rs.21.60 lacs
- (b) Amount unspent, if any : nil
- (c) Manner in which the amount spent during the financial year is detailed below:-

KDDL Limited

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project 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 projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to KDDL-ETHOS foundation, a Trust established under The Indian Trusts Act, 1882, with the motto to render CSR activities as stated under section 135 of The Companies Act, 2013 for KDDL Limited and its subsidiaries/ Group Companies	As per Section 135 of The Companies Act, 2013	Others	Rs. 15,50,000/-	N.A.	Rs. 15,50,000/-	Through implementing agency viz. KDDL-Ethos Foundation
2.	Construction of Toilets under school nurturing Programme at Government School, Urdigre (Karnataka)	As per section 135 of The Companies Act, 2013	1) Local Area of Hands Unit, Bangalore 2) Karnataka, Distt. Mandya	Rs. 5,10,000	Direct- Rs.5,10,000	Rs. 20,60,000	Direct
3.	Contribution to "Shree Ramana Maharishi Academy for the Blind" towards mission of providing education vocational training & livelihood empowerment to disabled persons	As per section 135 of The Companies Act, 2013	Others Karnataka, Distt. : J P Nagar	Rs. 1,00,000	Direct : Rs. 1,00,000	Rs. 21,60,000	Direct

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

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	23,250
9.	Total number of options in force	21,000
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 2017-18 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	120/-
(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	Nil
(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 2015-16 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 2015-16 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 2015-16.

The effect of adopting the fair value method earnings per share is presented below:

	In Rs
Earnings Per Share: Basic	
- As reported	12.97
- Adjusted Proforma	10.13
Earnings Per Share: Diluted	
- As reported	12.96
- Adjusted Proforma	10.12

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.

KDDL Limited

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.
v) **The expenditure incurred on Research and Development:** N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rupees in Millions)

2017-18

Foreign Exchange earnings	736.81
Foreign Exchange outgo	45.62

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	<table border="1"> <tr> <td>Mr. Yasho Saboo</td> <td>47.2 : 1</td> </tr> <tr> <td>Mr. Sanjeev Masown</td> <td>24.5 : 1</td> </tr> </table>	Mr. Yasho Saboo	47.2 : 1	Mr. Sanjeev Masown	24.5 : 1								
Mr. Yasho Saboo	47.2 : 1													
Mr. Sanjeev Masown	24.5 : 1													
(ii)	The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year;	<table border="1"> <thead> <tr> <th>Name</th> <th>As per Payout</th> <th>As per Terms</th> </tr> </thead> <tbody> <tr> <td>Mr. Yasho Saboo</td> <td>67.2%</td> <td>87.1%</td> </tr> <tr> <td>Mr. Sanjeev Masown</td> <td>18.4%</td> <td>10.5%</td> </tr> <tr> <td>Mr. Raman Sood</td> <td>32.3%</td> <td>9.4%</td> </tr> </tbody> </table> <p>The difference in Terms of appointment and actual payout is due to variable component, which is linked to performance of individual and company against the agreed parameter.</p>	Name	As per Payout	As per Terms	Mr. Yasho Saboo	67.2%	87.1%	Mr. Sanjeev Masown	18.4%	10.5%	Mr. Raman Sood	32.3%	9.4%
Name	As per Payout	As per Terms												
Mr. Yasho Saboo	67.2%	87.1%												
Mr. Sanjeev Masown	18.4%	10.5%												
Mr. Raman Sood	32.3%	9.4%												
(iii)	The percentage increase in the median remuneration of employees in the financial year;	13.4%												
(iv)	The number of permanent employees on the rolls of company;	1070 employees as on 31.03.2018												
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<p>Average Salary increase of non-managerial employees is 11.8%</p> <p>Average salary increase of managerial employees is 16.0%</p> <p>There are no exceptional circumstances in increase in managerial remuneration.</p>												
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year is as per the Remuneration Policy of the Company.												

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**AN OVERVIEW OF THE ECONOMY****Global Economy**

Global economy activity continues to firm up. Global growth strengthened in 2017 to 3.8 percent from the expectation of 3.5%, with a notable rebound in global trade. It was majorly driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters. Key emerging market and developing economies, including Brazil, China, and South Africa, also posted third-quarter growth stronger than the fall forecasts.

As per the latest IMF report, world growth forecast for 2018-19 has been revised by 0.2% to 3.9%. supported by strong momentum, favourable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States.

Indian Economy

India's economic growth is expected to strengthen to 7.3% in financial year 2018-19 (April-March) from 6.6 per cent in fiscal 2017-18 on the back of robust activity from the construction, manufacturing, and services sectors. The negative shock from demonetisation and GST implementation has largely subsided. Moreover, continued economic liberalization by the Narendra Modi administration will likely provide tailwinds for India's large services sector, which accounts for slightly more than half of the economy.

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalization, favourable demographics, and reforms, it is also expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern. India's ranking in the world has improved to 126 in terms of its per capita GDP, based on purchasing power parity (PPP) as it increased to US\$ 7,170 in 2017. This augurs well for luxury goods sector which is expected to cross USD 30 billion from USD 23.8 billion by the year-end on back of growing exposure of international brands amongst Indian youth and higher purchasing power of the upper class in tier II and III cities.

GST was a major reform introduced by the government in 2018 after being in the pipeline for over a decade. Although initially the higher rates and implementation on a country level affected the business, the collections from GST has gradually started picking up pace. The average GST collections till march were Rs 89,800 crore per month but the collection exceeded Rs 1 lakh crore for April thus showing good positive output growth in the country. The recent introduction of the E-way bill is expected to further reduce the duration for shipment of goods across the country and have a positive effect on the growth.

Swiss Watch Industry

The situation of Swiss watch industry exports improved steadily during 2017. After declining for two consecutive years and reaching a new threshold, demand gradually picked up again. A growing number of markets returned to growth, but several of them are still lagging.

During the year, Swiss watch exports fell just short of 20 billion francs mark and posted a result of 19.9 billion, up 2.7% against 2016. The trend stabilized in the first half (+0.3%), while the second saw substantial growth (+4.9%).

Wristwatch exports dictated the general trend. Their value reached 18.8 billion francs, equivalent to 2.9% growth over 2016. However, the volume of watches continued to fall and 1.1 million fewer pieces were exported (-4.3%) with a total of 24.3 million pieces. This was the lowest figure since the 2009 crisis. The decline in volumes was influenced by quartz watches which posted a fall of 7.4%. On the other hand, mechanical watches grew both in terms of value (+4.6%) and number of pieces (+3.9%).

Asia (+4.8%), which generated one-half of all export sales, was the growth driver in 2017 thanks to a very good second half. Europe (+2.6%) saw more modest growth and slowed slightly but remained an important player in the recovery. United States failed to follow the same trend and depressed the figures for the whole American continent (-2.7%). Most of the far eastern markets reported growth in 2017, while the middle east was confronted with a more difficult situation. Recovering since the spring, Hong Kong (+6.0%) ended the year with strong growth. China (+18.8%) had been first to recover and posted the strongest advance of all these countries.

In Europe, the United Kingdom was the main source and saw a growth of +7.0%. The other markets remained stable or fell slightly. United States sales were down for third year in a row and reported a decline of 4.4%. Despite favourable economic conditions, this market is proving slow to recover its taste for luxury products, at least through the traditional sales channels.

Main markets for Swiss Watches

Geographical distribution (in CHF million)

Countries	Value in 2017	Value in 2016	Change in %	Share in % 2017	Share in % 2016
Hong Kong	2524.7	2382.6	+6.0%	12.7%	12.3%
USA	2050.1	2145.3	-4.4%	10.3%	11.1%
China	1536.7	1293.4	-18.8%	7.7%	6.7%
United Kingdom	1290.5	1206.4	+7.0%	6.5%	6.2%
Japan	1229.4	1261.9	-2.6%	6.2%	6.5%
Italy	1181.1	1180.8	+0.0%	5.9%	6.1%
Other Countries	10,111.3	9,936.2	+1.8%	50.7%	51.1%
Total	19,923.8	19,406.6	+2.7%	100.0%	100.0%

The forecasts made last year were confirmed a few months earlier than expected and the industry's dynamic is looking good for the future. Development of digital communication and distribution channels and the types of consumption favoured by the millennials will be priorities in 2018. In this context, watch industry export growth is likely to be comparable to that observed in 2017.

Main watch exporting countries (Direct Exports)

Countries	Units in Million	Change in %	Units in Million	Change in %
	2017		2016	
China	688.3	+5.6%	652.0	-4.5%
Hong Kong	227.9	-5.4%	241.0	-12.9%
Switzerland	24.3	-4.3%	25.4	-9.8%
Germany	15.8	-12.9%	17.5	-20.5%
USA	11.1	+5.8%	10.4	+9.2%

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As the leading watch exporting country by number of pieces, China saw its volumes grow by 5.6% in 2017. It exported 668.3 million watches across the world at an average price of 4 dollars.

On the other hand, Hong Kong exports fell for seventh year in a row and it exported 227.9 million watches recording a decline of 5.4%. The average price of the watches stood at 26 dollars, against 24 in 2016. In value terms, Hong Kong exports were at USD 8.4 billion declining by 4.7%.

Switzerland remained in third place and it exported 24.3 million watches in 2017 i.e. 2.3% less than the previous year and average price rose from 708 to 827 dollars, clearly reflecting the lackluster response at the bottom of the price range segment. In value terms, Switzerland maintained its leading position with exports worth USD 20.2 billion.

Overall, the Swiss watch industry is more optimistic about the future compared to last year and there is a growing optimism about Swiss economy and the main exports markets. The broad reason of optimism is higher expectations for growth in almost all regions, especially in Asia. One major factor that has boosted consumption of luxury goods including high-end watches is the drop in China's corruption prosecutions. In 2016 China's courts prosecuted 20% fewer officials for corruption than in 2015. For the first time in five years the number of officials handed over to China's courts decreased, marking a turning point in China's anti-corruption and anti-bribery campaign.

In addition, Chinese buyers are now more inclined to buy their luxury products domestically following the rise in import taxes (from 30 to 60%) and increased controls at Chinese customs. After two years of negative growth rates, sales of luxury goods including jewellery and watches in Hong Kong increased slightly in the first half of 2017, mainly because of the recovery in visitor arrivals from China. However, it is unclear whether the tourist industry will totally recover.

Despite the political uncertainty following the results of the US presidential election in November 2016, watch brands continue to believe in the importance and potential of the US market. More than two years after the Swiss National Bank's surprise removal of the CHF/EUR floor, watch companies have learned to cope with the strong Swiss Franc relatively well.

Another major development during the year was the implementation of the new Swiss Made rules in early 2017, requiring at least 60% of a watch's manufacturing costs to be incurred in Switzerland. However, the economic impact of this new regulation is unclear

so far, especially considering manufacturers benefit from a transition period of two years to adapt. On one hand, these new rules might indeed pose a risk to the lower-end of the Swiss watch industry for which it could be difficult to remain competitive with these new requirements. On the other hand the revised Swiss Made rules might strengthen the Swiss brand, an important competitive advantage of the Swiss watch industry.

The growing importance of having a digital strategy is not surprising given that online and digital channels continue to rise. Until recently many Swiss watch brands had tended to be reluctant to adopt online sales channels; however, this no longer seems to be the case. Tag Heuer recently introduced a limited edition to be sold exclusively online in the US. In November 2016 IWC announced its partnership with the online-only luxury retailers Mr Porter and Net-A-Porter highlighting its ambition to focus on e-commerce. Some luxury watch-brands also partnered with blogs to launch limited editions. This is most notably the case of MB&F, Vacheron Constantin or Zenith with the online wrist watch magazine Hodinkee. In January 2017, Omega also launched its first watch officially sold online, the limited edition Speedmaster Speedy Tuesday, in partnership with Fratello Watches. These moves come in addition to the growing development of mono-brand e-boutiques by many Swiss watch brands.

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2017 marked the second version of the Tag Heuer smartwatch and the first move by Montblanc and Louis Vuitton into this category. The fact that low-end watches (below CHF 200) have seen the sharpest decline in 2016 among all price segments and have still not recovered in the first half of 2017 indicates that smartwatches might be hurting lower-end Swiss watches to a certain extent, although increasing competition from fashion watch brands is also a potential factor. Although smartwatches recently overtook Swiss wrist watches in terms of total units, the perception of the market seems to remain the same: real benefits of smartwatches beyond fitness and health tracking are still lacking for many consumers.

Overview of Indian Retail Sector

Introduction

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10% of the country's Gross Domestic Product (GDP) and around 8% of the employment. India is the world's fifth-largest global destination in the retail space.

Indian Retail Industry has immense potential as India has the second largest population with affluent middle class, rapid urbanisation and solid growth of internet.

Market Size

India's retail market is expected to increase by 60% to reach US\$ 1.1 trillion by 2020, on the back of factors like rising incomes and lifestyle changes by middle class and increased digital connectivity. While the overall retail market is expected to grow at 12% per annum, modern trade would expand twice as fast at 20% per annum and traditional trade at 10%. Indian retail market is divided into "Organised Retail Market" which is valued at \$60 billion which is only 9% of the total sector and "Unorganised Retail Market constitutes the rest 91% of the sector.

India has replaced China as the most promising markets for retail expansion, supported by expanding economy, coupled with booming consumption rates, urbanizing population and growing middle class. India is expected to become the world's third-largest consumer economy, reaching US\$ 400 billion in consumption by 2025.

The size of modern retail in India is expected to double to Rs 171,800 crore (US\$ 25.7 billion) from Rs 87,100 crore (US\$ 13 billion) in three years driven by omni-channel retail.

Government Initiatives

The Government of India has taken various initiatives to improve the retail industry in India. Some of them are listed below:

The Government of India may change the Foreign Direct Investment (FDI) rules in food processing, in a bid to permit e-commerce companies and foreign retailers to sell Made in India consumer products.

Government of India has allowed 100% Foreign Direct Investment (FDI) in online retail of goods and services through the automatic route, thereby providing clarity on the existing businesses of e-commerce companies operating in India.

Overview of Indian Luxury Market

India's luxury market is set to grow to USD 30 billion from USD 23.8 billion by the year-end on back of growing exposure of international brands amongst Indian youth and higher purchasing power of the upper class in tier II and III cities.

Economic growth, leading to urbanisation and higher disposable incomes, has helped propel growth of luxury goods. Moreover, increasing retail presence of luxury players across the country and higher numbers of brands entering the country has resulted in strong performance of luxury goods.

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Well-travelled consumers and a stable economy, coupled with a young population with growing disposable incomes, spell good news for luxury brands across the world. With positive regulations and policies for the retail industry being put in place by the government, India is a market that can no longer be ignored by international brands.

Luxury can be demonstrated as not just buying labels for status, but buying beliefs which are high quality, ethical and offer innovative crafts. Today, one size no longer fits all. It is about providing the audience with something that matches their personality and make them feel a certain way. It has come a long way in that aspect. The entire shopping scenario is changing, and luxury products are favoured more and more day by day. People are changing in what way they want from luxury standpoint today. It's no more just about great cloth quality, fit and silhouette but also about the kind of experience, guidance and comfort they get when they visit the store.

The demonstration of luxury retail industry growing owes a lot to do with the viral usage of social media by the general public, today most of the trends are set on social media. People are ardent users of social media platforms like Facebook, Instagram, Twitter. Today's generation is well informed, and they seek reviews before making a purchase, which has majorly impacted the positive growth in retail sectors. People today are more opinionated about how they want to be perceived in the society. Their preference is no longer just restricted to the colour or fit, they now demand for an experience that's larger than life, giving them a good overview of designs, more variety, guidance on the silhouette that are met well by the luxury retailers.

Over the decade, the luxury retail segment has come a long way and has evolved and gained importance and success. There are many brands that have entered the Indian market, few have left and few re-entering. The expansion of retail sector has been a major growth driver for growth in India. The Indian retail real estate market has witnessed continuous footprints of global brands coming in India. More than 300 prominent and renowned global retailers, found that mostly International retailers opt for opening their stores in major metropolitan cities such as New Delhi or Mumbai, before gradually expanding and escalating to other tier one locations, including Bangalore, Chennai, Kolkata, Hyderabad and Pune.

However, lack of suitable infrastructure, high tax rates, rental costs and parallel growing market of counterfeits are some major problems that are a cause of concern for luxury players entering India.

Thus, the Indian market represents huge opportunity for the foreign luxury players, but it needs to fix the existing loopholes.

Indian luxury market is poised to expand five-fold in next three years and the number of millionaires is expected to multiply three times in five years.

Overview of Indian Watch Industry

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

GST & Custom Duty

Before the introduction of GST, watches were taxed at around 12.5%. The GST pushed up the tax rate to 28% before it was rolled back to 18% in November.

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After GST revision from 28% to 18% on watches, India had become one of the cheapest destinations for luxury watches. Customers, who shopped abroad, had started buying watches here. But due to the recent increase in custom duty for imported watches to 20% we are back to original position.

Customs duty on watches is incorporated in the cost price and GST is calculated over and above that. Unfortunately, luxury is always at the receiving-end in India.

Before the customs duty hike, the dual-blow of demonetisation and GST weighed heavily on the luxury watch market because most transactions in the luxury segment were cash-based. Wealthy shoppers wary of the crackdown on black money had started to shop abroad. Retailers turned to offering heavy discounts to tackle tepid demand, despite taking a hit on their margins.

BUSINESS OVERVIEW

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

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

Turnover

The turnover of the company witnessed a decent growth of 16% compared to a growth of 5% during the previous year despite the sluggish watch market environment in the 1st half of financial year. The growth in turnover was primarily driven by the growth in the Precision Engineering business segment but others segments also maintained a healthy growth trend.

The watches component segment of company which has a major revenue share in the overall business recorded a growth of 12% in turnover mainly because of healthy growth in the domestic market environment. Turnover from exports was also higher by 4.6% due to recovery in the Swiss market environment as compared to decline of 6% in previous year.

All segments of the manufacturing business witnessed growth in the operational revenue. The overall turnover of company from domestic market improved by 40% contributed mainly by the better market conditions and marginally by the increase in the GST Rates compared to earlier effective rates. On the other hand, turnover from exports market improved by 5.5% compared to a decline of 4% in last year from respective markets.

The watch components business of domestic market saw a healthy growth of 37% in value terms compared to previous year. This is on top of the growth of 14.7% reported in previous year from same market segment. This year domestic market conditions improved and revenue from all major customers and brands was on a growing trend. On the other hand, exports value of watch components business grew by 4.6% compared to a decline of 6.1% in the previous year due to recovery in Swiss market. This year the Swiss watch market and exports witnessed a reversal trend and shown a growth compared to last two years in row wherein the exports market remained sluggish. The major market segments are on recovery path and outlook is positive.

EIGEN the precision engineering business of the company saw a very healthy growth of 37% in revenue compared to previous year because of better conversion of the leads and structured and focused marketing initiatives for the selective segments of the market. Overall market conditions were also better in the engineering segments industry.

Ornamental packaging manufacturing businesses of the company also witnessed revenue growth of 8.8% mainly due to addition of new customers in the domestic segment.

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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 adding new capabilities and increasing marketing efforts.

Watch Components

During the year, dials units of the company located at Parwanoo and Baddi (H.P) and Derabassi (Punjab) improved the capacity utilizations due to better order position both from domestic and export markets. The overall revenue of Dial units improved by 27% compared to a decline of 10% in previous year. The Dial units' revenue from domestic market grew by 43% against a growth of 12% in the previous year and in export market revenue grew by 14% against a decline of 22% in previous year. All major customers and brands, both in domestic and exports Swiss market showed healthy recovery and the order position was much healthier compared to previous year and this was reflected in the overall recovery of revenue in the watch dials business.

The overall revenue of Watch Hands Units of the Company located at Bangalore registered a growth of 7% compared to growth of 11% in the previous year. The revenue of Hands unit from domestic market increased by 36%, but the revenue from exports market declined marginally by 1% compared to previous year. In the previous year domestic and exports market revenue had improved by 18% and 7% respectively.

Precision Engineering Components

The overall revenue of our precision components manufacturing unit at Bangalore witnessed a healthy growth of 38% compared to a growth of 28% in the previous year. The growth in turnover of the unit was from all segments and markets catered by the unit. The year on year growth in revenue from domestic market was 45%, whereas the direct and indirect exports market grew by 15% compared to previous year. During the year, company continued its efforts and initiatives for increasing its presence and reach with the potential customer segments, by regular participations in the relevant trade fairs and exhibitions.

Other Businesses

Another business of the company relates to manufacture of Packaging for the Ornamental Jewellery, Watches, Writing Instruments and other accessories. The revenue of the company from this business improved by 6% compared to a marginal decline of 0.7% in the previous year.

Strategic Initiatives

The financial year 2016-17 had witnessed suppressed market conditions and the beginning of 2017-18 was with slightly improved market conditions in the Swiss watch industry. There was a general perception and impression that market will start improving on quarterly basis and orders position will be better than the previous year. This impression became reality and the order position from Swiss market was healthier. This trend of improved market conditions was very strong in the domestic watch market and all major brands reported healthy growth in the revenue.

Despite the varying trends in major global economies, there is a general optimism in the Swiss watch industry that the growth of last year will be maintained in the current year also and all major brands are re-aligning their sourcing strategy to comply with the new SWISS ORIGIN regulations and some of the brands are being re-positioned.

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

KDDL Limited

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

In line with the improved market conditions, the watch hands business of the company continued to capture market share from competition by offering new features and designs to customers and entered many new customers in the high end of segment by demonstrating the enhanced level of capability and execution skills. Company efforts for induction of some of the new customers from Hong Kong market is also encouraging and this initiative will help the company to capture business from the Far East market segment to generate healthy growth in the coming years.

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

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

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

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

During the year, company focused on the expansion project near Bangalore Airport in KIADB Aerospace Park. The expansion project got delayed due to heavy rains in the area and now it is progressing as per the revised schedule. During the year, company has also shifted the existing operations from one of its facilities in Bangalore to the new facility and now these are operational from new location. Similarly, the new capability of electroplating has been established successfully and is being put to operational use. Company plans to shift the entire operations from another facility in Bangalore also to this new location during the current financial year and the consolidated facility will be new capabilities and additional capacities will be fully operational from the second half of the year.

During the year, the order position of the Packaging business was also better compared to earlier years especially from the watch segment but the writing instrument segment market slightly sluggish. Post demonetization of high currency notes by the Government of India in the previous year, market slowed down both in Writing Instruments and Jewellery segment which necessitated the company to look for new customers from other segments. The efforts of the company to add new customers also gave satisfactory results and the order position is now healthier.

The fluctuating order inflows, quality of customers and limited capabilities continues to be a cause of concern.

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.

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

BUSINESS PERFORMANCE REVIEW

Revenue

The gross operating income of the company improved from Rs. 1306 million to Rs. 1520 million representing an increase of 16% over the previous year. The turnover of the company was broadly stable in both halves of the year, but first quarter was slightly low in the year as the initial impact of previous year sluggish market environment and market recovery coupled with the postponement of the dispatches by customers due to implementation of GST reduced order position for the company. However, the market situation and order position improved from second quarter onwards. The watch market conditions and overall environment was better compared to previous year and structured focus and efforts of the company helped in recording healthy growth.

The watch segment gross operating income improved from Rs. 944 million to Rs. 1104 million recording a growth of 17%, compared to stagnant revenue in previous year. The precision engineering business stream revenue increased from Rs. 248 million to Rs. 339 million, registering a healthy growth of 37% compared to similar growth in the previous year. The revenue from residual business stream mainly comprising of ornamental packaging improved from Rs. 44 million to Rs. 48 million.

The domestic sale of the company improved from Rs. 538 million to Rs. 754 million representing a healthy growth of 40% compared to previous year growth of 21.5%, whereas the direct and indirect export revenue improved from Rs. 698 million to Rs. 737 million registering a growth of 5.5% against a decline of 4.3% in the previous year.

Margins

During the year the margins of the company improved due to market recovery leading to better order position and efforts of the company on improving productivity and focus on reducing costs and overheads. In addition, strategic initiatives of the company for developing and enhancing the revenue from Precision engineering business is helping in overall healthy growth.

The earnings before interest, depreciation, taxes and appropriations improved from Rs. 243 million to Rs. 322 million, increase of almost 33% over the previous year. The operating EBIDTA earning after eliminating the exceptional, abnormal cost and CSR expenditure improved to 222% from 19.1% achieved in previous year. The improvement in EBIDTA percentage was due to healthy revenue growth and better control over overheads.

Shareholders' Funds

The company's reserves improved from Rs. 1053 million as on 31st March 2017 to Rs. 1198 million as on 31st March 2018, on account of retained earnings from the profitability of the company and also due to receipt of share premium of Rs. 28.8 million on issue and allotment of 113206 equity shares of face value Rs. 10 each on a preferential basis for cash at a price of Rs. 265 (including premium of Rs. 255) during the year.

The Share capital of the company also increased from Rs. 109.2 million to Rs. 110.4 million on account of allotment of equity shares on preferential basis.

Loan Funds and Cost of Debt

The interest cost as a percentage to total revenue decreased substantially from 2.7% to 1.9% in 2017-18. The interest cost as a percentage to total revenue is declining for last 6 years in a row. During the year, Reserve Bank of India reduced the interest rates but banks continues to lag behind in passing on the benefit to customers. Company continues to reduce its high costs debts and working capital borrowings by effective utilization of

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available funds, which led to sharp reduction in the borrowing costs. All new debt borrowings of the company are being negotiated and concluded at lower interest rates. The overall simple average cost of debt decreased to 6.7% from 8.6% during the previous year.

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

Fixed Assets

Gross carrying amount of Fixed Assets of the company including Capital work in progress during the year increased from Rs. 719 million to Rs. 974 million mainly on account of expansion project of precision engineering business in KIADB Aerospace Park, near Bangaluru Airport. In addition some investment was done on increasing the working area for Watch hands manufacturing and other normal capital expenditure in the different units for increasing productivity, new product developments and addition of other assets for quality, safety, Information technology and administrative functions.

Subsidiary Companies and Joint Ventures

Ethos Limited

FY17-18 began on a challenging note for the luxury watch retail business. The after effects of many regulatory changes continued to have an impact on the performance of the business in the first half of the year. These regulatory changes included the introduction of PAN requirement for transactions above Rs. 2 lakhs, requirement for collecting TCS for all transaction in cash above Rs. 3 lakhs, demonetisation in November 2016 and the subsequent banning of all cash transactions above Rs. 2 lakhs with effect from 1 April 2017. The initial uncertainties of the implementation of the GST regime also had a less than salutary impact of the business.

The business showed an impressive turnaround in the second half of the year. This came close on the heels of the changes in the GST rates on watches from 28% to 18%, consequent to which there was a reduction in the prices of watches. This fuelled demand in an already robust festive and wedding season. The fact that the uptrend of demand continued even after the season period is a testimony to the fundamental strategic changes to the business model that have been brought over the past 2 years. These strategic changes included shift in focus from ultra-high price watches (above Rs. 10 lakhs) and strengthening our presence in the price segment Rs. 50000 to Rs. 5 lakhs. The Company also embarked on an exclusive brand strategy which has yielded great results in form of better margins on back of lower discounting. In addition to this, the Company increased our focus towards digital platform and closed down stores which were not making reasonable sales. This also helped us to keep lean cost structure and improve our inventory days.

The revenues in FY 17 18 were Rs. 355.4 crores which were up by 10% over the previous year. Given that the tax rate changed quite significantly over the course of the year, a more appropriate comparison is on billings. Billings increased to Rs. 420 crores, an increase of 16% over the previous year. The billings increase in the second half of the year was 28% over the same period last year. The increase in billings was on the back of same store growth of 10% for the full year and 19% in the second half of the year.

The improvement in margins were also impressive. EBIDTA margins improved to 4.4% of net sales for FY 17 18, up from 1.0% for FY 16 17. Profit before tax for FY 17 18 was Rs. 5.3 crores compared to a loss of Rs. 8.7 crores in FY1617. Profit after tax for FY 17 18 was Rs. 4.0 crores compared to a loss of Rs. 6.5 crores in FY1617.

Pylania SA

During the financial year 2017-18 the manufacturing operations of the company for manufacture of Watch Hands were stabilized and further machines and equipment's were added to enhance the capacity. In addition, partial

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manufacturing and finishing operations for watch dials were also initiated with the support of other outside manufacturers specially to take care of the emerging opportunity and demand for catering the SWISS ORIGIN requirements. During the year, company also witnessed growth in the watches trading to India for the some of the major Swiss Brands like Titoni, Corum, Raymond Weil and ORIS.

As a result of these initiatives the revenue of the company during the year witnessed healthy growth to CHF 2831 K from CHF 1040 K in 2016-17, registering a healthy growth of more than 172%. During the year, company continued to provide consultancy and managerial services to customers also.

Management of Pylania continuous to keep a close watch and tap on restricting overheads and its financial position is on the improving trend for last 5 years.

SWISS ORIGIN regulations which have been implemented w.e.f. 1st January 2017 also supported the revenue growth as many brands have shifted their sourcing strategy to comply with new legal requirements. Company is continuously evaluating recent changes in the rules and regulations and will accordingly plans to revisit its business model to meet the requirement of other customers for SWISS ORIGIN.

The Company has reported operational profit of CHF 188 K during the financial year compared to profit of CHF 78 K in previous year.

The management is confident that with the recovery in Swiss watch market coupled with Swiss made regulations will help in maintaining the financial performance in terms of revenue and profitability.

Satva Jewellery and Design Limited

During the financial year, KDDL board and shareholders have approved the merger of this company with parent company to bring synergy in the operations and to utilize its resources for creating value for shareholders. Presently merger activities and procedures are in process and we expect that during the current financial year it will get merged with the parent company.

Human Resource Management

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

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

The Internal 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 develop a risk based annual audit plan with inputs from major stakeholders, and the major focus areas as per previous audit reports.

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

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

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

RISKS, THREATS AND CONCERNS

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

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

Risks of General Nature

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

Risks related to man-made and natural disasters such as explosions, earthquakes, storms as well as civil disturbances are handled by following best practices in the design of structures and "safety first" as a guiding

principle while designing technical and business processes duly supplemented with requisite insurance coverage.

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

Specific Risks

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

Risks due to decline in overall demand for watches: While we remain confident of a steady growth in the demand of watches in India over the next 10-12 years, we are aware of the decline of the watch as a time keeping instrument. At the same time, we see an evident increase in the watch becoming an important fashion accessory and also as an activity monitoring cum communicating instrument. The risk of such decline in the functional value of a watch is mitigated by positioning ourselves to better serve the watch as a fashion and wearable technology.

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

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

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

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

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

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

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

II. BOARD OF DIRECTORS

(a) Composition and attendance in meetings

The Board of Directors of the Company has an optimum combination of executive and non-executive directors. The Board of Directors presently comprises of 9 (nine) members including 2 (two) Whole-Time directors, i.e., the Chairman–cum-Managing Director and the Whole Time Director-cum-Chief Financial Officer. The composition of the Board is in conformity with regulation 17 of Securities & Exchange Board of India(Listing Obligations and Disclosure Requirement) Regulations, 2015 [SEBI(LODR) Regulations]

During the financial year ended on 31st March 2018, 6 (Six) 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:

30 th May 2017	11 th August 2017	14 th September 2017
8 th December 2017	7 th February 2018	15 th March 2018

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 Board Meetings attended	Attendance at the last AGM held on 11.08.2017	No. of Directorship in other Public Limited Companies	*No. of Committee positions held in other companies		Number of Shares / Convertible instruments held by non-executive directors
						Chairman	Member	
Mr. Yashovardhan Saboo	Chairman & Managing Director	Promoter-Executive	6	Yes	6	1	3	-
Mr. Jagesh Khaitan	Director	Independent-Non Executive	6	Yes	2	-	2	466
Mr. Anil Khanna	Director	Independent-Non Executive	6	Yes	1	1	1	4283
Ms. Ranjana Agarwal	Director	Independent-Non Executive	4	Yes	4	2	5	-
Mr. Praveen Gupta	Director	Independent-Non Executive	5	No	1	-	1	-
Mr. Vishal Satinder Sood	Nominee Director	Non- Executive Nominee	3	Yes	3	-	-	-
Mr. Jai Vardhan Saboo	Director	Promoter- Non Executive	1	No	-	-	-	-
Mr. Sanjiv Sachar	Director	Independent-Non Executive	5	Yes	-	-	-	1400
Mr. Sanjeev Kumar Masown	Whole Time Director-cum- CFO	Executive	6	Yes	1	-	-	

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

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

Familiarisation programme for Independent Directors

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

III. COMMITTEES OF BOARD

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

1. AUDIT COMMITTEE

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Modified opinion(s) in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through and issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the financial year ended on 31st March 2018, 6 (Six) meetings of the Audit Committee were held. The dates on which the meetings of the Audit Committee were held, are as under:

30 th May 2017	11 th August 2017	14 th September 2017
8 th December 2017	7 th February 2018	15 th March 2018

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	6
Mr. Anil Khanna	Independent Non Executive	Member	6
Mrs. Ranjana Agarwal	Independent Non Executive	Member	4
Mr. Yashovardhan Saboo	Promoter Executive	Member	6

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

2. NOMINATION AND REMUNERATION COMMITTEE

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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During the financial year ended on 31st March, 2018, 2 (two) meetings of the Nomination and Remuneration Committee were held on 30th May 2017 and 11th August 2017

The composition of the Nomination and Remuneration Committee as on 31st March 2018 is as given below:

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

Performance evaluation criteria for Independent Directors-

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

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

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

Remuneration of Director

There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2017-18.

Criteria of making payments to Non-Executive Directors

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

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

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

Name of the Director	Sitting Fees paid (Gross) (₹)
Mr. Anil Khanna	125,000
Mr. Sanjiv Sachar	85,000
Mr. Jagesh Khaitan	140,000
Mr. Praveen Gupta	80,000
Mr. Jai Vardhan Saboo	15,000
Mrs. Ranjana Agarwal	95,000
Total	540,000

Remuneration of the Executive Directors

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

- a) At the time of appointment or re-appointment, the Chairman, Vice Chairman, Managing Director and Whole Time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the respective Director within the overall limits as prescribed under the Companies Act, 2013 and rules made thereunder.
- b) The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- c) The remuneration of the above said directors is broadly divided into fixed and variable component whereas the remuneration of Chairman consists of fixed components only.
- d) The remuneration of the directors may also include Employee Stock Option Plans (ESOPs) as per the provisions of applicable laws.
- e) The fixed compensation shall comprise salary, allowances, perquisites, amenities and retirement benefits. The variable component shall comprise of individual and company performance bonus.

- f) In determining the remuneration (including the fixed increment and performance bonus) the Nomination & Remuneration Committee shall consider the following:
- The relationship of remuneration and performance benchmarks is clear;
 - 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 & Managing Director and Whole Time Director-cum-CFO during the financial year ended on 31st March, 2018 are as follows:

(Amount in ₹)				
Name	Salary	Perquisites & Allowances	Bonus paid/provided in 2017-18	Total
Mr. Yashovardhan Saboo	11918669	482205	--	12400874
Mr. Sanjeev Kumar Masown	6370359	54345	--	6424704

- a. The Salary includes Performance incentive also.
- b. The Company has not granted any Stock Options to its Directors or Employees during Financial Year 2017-18.

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

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

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Shareholders'/Investors' complaints

Complaints pending as on 1 st April, 2017	nil
During the period from 1 st April, 2017 to 31 st March, 2018	19
Complaints disposed off during the year ended 31 st March, 2018	19
Complaints unresolved to the satisfaction of shareholders as on 31 st March, 2018	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

During the year under review, two meetings were held on 30th May 2017 and 7th February 2018.

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

SUBSIDIARY COMPANIES

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

The company has formulated a policy for determining the material subsidiaries and the details of such policy is available in the website of the company at web link <http://www.kddl.com/html/companypolicy.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
2016-17	Hotel Timber Trail Resorts, Parwanoo - 173 220 (HP)	11 th August 2017	12.30 p.m.	A) To amend Article No. 114 of Articles of Association B) To insert new Article 114-A in Articles of Association C) To approve re-appointment and remuneration of Mr. Yashovardhan Saboo as Chairman & Managing Director D) To authorize investment in subsidiary company
2015-16	Hotel Timber Trail Resorts, Parwanoo - 173 220 (HP)	12 th August 2016	12.30 p.m.	Appointment of Mr. Sanjeev Kumar Masown as Whole Time Director-cum-Chief Financial Officer
2014-15	Hotel Timber Trail Resorts, Parwanoo - 173 220 (HP)	24 th August 2015	12.30 p.m.	Issue and allot 1008400 equity shares on preferential basis to SAIF India V Holdings Limited.

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- (ii) One Extra –Ordinary General Meeting of the shareholders of the Company was held during the year in which following resolutions were passed with overwhelming majority:-

Details of Location	Date	Time	Special resolutions passed
PHD House, PHD Chamber of Commerce & Industry, Sector 31, Chandigarh	7 th February 2018	10:00 a.m.	1. To approve scheme of amalgamation of wholly owned subsidiary with the company 2. Approval of material related party transactions

At present, there is no special resolution proposed to be conducted through postal ballot.

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. 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's website.

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 SEBI(LODR) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March, 2018.

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 under.

The Company has not adopted any discretionary requirements as stated in Schedule II part E of SEBI (LODR) Regulations, 2015.

The Company has framed a Whistle Blower Policy, the details of which are available on the company's website.

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 31 st March, 2018
Mr. Yashovardhan Saboo	1547265
Mr. Jagesh Khaitan	466
Mr. Anil Khanna	4283
Mr. Jai Vardhan Saboo	Nil
Mrs. Ranjana Agarwal	Nil
Mr. Sanjeev Kumar Masown	2000
Mr. Vishal Satinder Sood	Nil
Mr. Sanjiv Sachar	1400

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In compliance to various Provisions under SEBI(LODR) Regulations, 2015, the company has also framed various policies during the year as under:-

- a) Policy on Preservation of Documents;
- b) Policy for determination of materiality of events or information;
- c) Policy for determination of Material subsidiaries;
- d) Corporate social responsibility policy;

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	:	Saturday, 14th July 2018
Venue	:	Hotel Timber Trail Resorts, Parwanoo, Distt. Solan (H.P.) - 173220
Time	:	12.30 p.m.

(b) Financial Year

Financial year	:	1 st April to 31 st March
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For the financial year ended 31st March, 2018, results were announced on:

• 30 th June, 2017	:	14 th September 2017
• 30 th September, 2017	:	8 th December 2017
• 31 st December, 2017	:	7 th February 2018
• 31 st March, 2018:	:	14 th May 2018

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

• 30 th June, 2018	:	Second Week of August 2018
• 30 th September, 2018	:	Second week of November, 2018
• 31 st December, 2018	:	Second week of February, 2019
• 31 st March, 2019	:	Fourth week of May, 2019

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Date of Book Closure

Book Closure : 7th July 2018 to 14th July 2018 (both days inclusive)

(c) **Dividend Payment Date** : with in 30 days from the date of Declaration at AGM

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

The equity share capital of the company has been listed at National Stock Exchange of India Limited (NSE), and BSE Limited. The company has paid Annual Listing Fee for the year 2018-19 to both exchanges, i.e. National Stock Exchange and BSE.

(e) Stock Code

NSE - KDDL

BSE Limited – 532054

Month	Quote at BSE (Amount in Rs.)		BSE Sensex Close	Quote at NSE(Amount in Rs.)		Nifty 50 Sensex Close
	High	Low		High	Low	
April, 2017	228.75	188.10	29918.40	229.90	186.60	9304.05
May, 2017	225.00	177.15	31145.80	225.50	178.00	9621.25
June, 2017	210.30	182.00	30921.61	214.00	182.00	9520.90
July, 2017	208.00	184.55	32514.94	210.00	182.80	10077.10
August, 2017	209.80	176.00	31730.49	210.40	178.60	9917.90
September, 2017	232.90	183.00	31283.72	233.10	183.00	9788.60
October, 2017	271.95	190.60	33213.13	271.95	200.00	10335.30
November, 2017	350.65	229.00	33149.35	355.00	226.50	10226.55
December, 2017	356.15	282.05	34056.83	350.95	282.15	10530.70
January, 2018	350.00	321.00	35965.02	350.00	319.00	11027.70
February, 2018	407.00	299.75	34184.04	409.40	293.90	10492.85
March, 2018	400.85	353.25	32968.68	395.00	355.55	10113.70

(f) Market Price Data & performance in comparison with Sensex

(g) Registrar and Share Transfer Agent

M/s Karvy Computershare Private Limited, Hyderabad are 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.

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(h) 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.

(i) Distribution of shareholding (as on 31st March 2018)

S. No	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1 - 5000	4226	84.13	5264510.00	4.81
2	5001 - 10000	375	7.47	2899550.00	2.65
3	10001 - 20000	179	3.56	2686710.00	2.45
4	20001 - 30000	77	1.53	1974540.00	1.80
5	30001 - 40000	34	0.68	1200900.00	1.10
6	40001 - 50000	21	0.42	989900.00	0.90
7	50001 - 100000	48	0.96	3500150.00	3.20
8	100001 And Above	63	1.25	9101660.00	83.09
	Total:	5023	100.00	109527920.00	100.00

SHARE HOLDING PATTERN AS ON 31 st March, 2018				
S.No	Description	No. of Cases	Total Shares	% Equity
1	MUTUAL FUNDS	1	2900	0.03
2	FOREIGN INSTITUTIONAL INVESTORS	1	1008400	9.21
3	ALTERNATIVE INVESTMENT FUND	1	74580	0.68
4	RESIDENT INDIVIDUALS	4640	2434727	22.23
5	PROMOTERS	19	4882893	44.58
6	EMPLOYEES	5	8695	0.08
7	NON RESIDENT INDIANS	40	86820	0.79
8	PROMOTERS BODIES CORPORATE	2	31404	0.29
9	CLEARING MEMBERS	11	475	0.00
10	FOREIGN PORTFOLIO INVESTORS	7	778905	7.11
11	BANKS	1	50	0.00
12	DIRECTORS	3	16810	0.15
13	FOREIGN PROMOTER BODIES CORPORATES	1	60000	0.55

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14	NON RESIDENT INDIAN NON REPATRIABLE	32	39477	0.36
15	BODIES CORPORATES	130	1391226	12.70
16	NBFC	2	2389	0.02
17	DIRECTORS AND THEIR RELATIVES	7	27629	0.25
18	H U F	119	65412	0.60
19	FOREIGN CORPORATE BODIES	1	40000	0.37
	TOTAL	5023	10952792	100.00

(j) Dematerialization of shares and liquidity

As on 31st March, 2018, 10562464 equity shares equivalent to about 96% 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 ISIN (International Securities Identification Number) of the Company is **INE291D01011**.

(k) 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 2007-08 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 2010-11 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 (₹) as on 31 st March, 2018	Date of declaration	Due date for transfer
2010-11	18	375883.00	15.09.2011	21.10.2018
2011-12	19	406305.00	17.09.2012	23.10.2019
2012-13	20	155736.00	09.09.2013	15.10.2020
2013-14	21	234899.00	06.08.2014	12.09.2021
2014-15	22	431028.00	24.08.2015	30.09.2022
2015-16	23	362524.75	11.03.2016	17.04.2023
2016-17	24	427412.04	11.08.2016	17.09.2024

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(j) **Dematerialization of shares and liquidity**

(l) **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.

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

(n) **Plant/Business Locations**

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

(o) **Address for correspondence**

Shareholders are requested to contact the following:-

Mr. R.K.Sood

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: investors.complaints@kddl.com

Other Disclosures

- (i) During the financial year ended 31st March, 2018 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- (ii) Except settlement amount of Rs. 2,31,750/- towards delayed compliance of regulation 7(3) of SAST Regulations, 1997 paid on October 17, 2016, there was no other penalty imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.
- (iii) The Company has established vigil mechanism policy and Whistle Blower policy. All the personnel of the company have the access to the Audit Committee.

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- (iv) The Company has complied with the mandatory requirements of the Listing Regulation. The Company has adopted various non-mandatory requirements as well, as discussed under relevant headings.
- (v) The Company has framed a Material Subsidiary Policy and the same is placed on the Company's website and the web link for the same
- (vi) The company has framed Related Party Transaction Policy and is placed on the Company's website and the web link for the same is
- (vii) During the financial year ended 31st March, 2018 the company did not engage in commodity hedging activities.

There has been no instance of non-compliance of any requirement of Corporate Governance Report.

ADOPTION OF NON-MANDATORY REQUIREMENTS

I. The Board

The company does not have a Non Executive Chairman.

II. Shareholder Rights

The Half yearly financial results are forwarded to the Stock Exchanges and uploaded on the website of the Company.

III. Audit Qualifications

There was no audit qualification in the Auditors' Report on the Company's financial statements during the financial year under review.

IV. Separate posts of Chairman and CEO

Mr. Yashovardhan Saboo is Chairman & Managing Director of the company.

V. Reporting of Internal Auditor

The Internal Auditor of the Company reports directly to the audit committee.

The Company has fully complied with the applicable requirement specified in Reg. 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46.

Declaration by the CEO under SEBI(LODR) Regulations, 2015 regarding adherence to the Code of Conduct

In accordance with regulation 34(3) of the Securities & Exchange Board of India (Listing obligations and disclosure requirement) regulations, 2015, I hereby confirm that, all Directors and the Senior Management personnel of the Company have affirmed compliance to the KDDL's respective Code of Conduct, for the financial year ended 31st March, 2018.

For KDDL Limited

**Yashovardhan Saboo
Chairman & Managing Director**

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

**To the Members of
KDDL Limited**

We have examined the compliance of conditions of corporate governance by KDDL Limited ("the Company"), for the year ended on 31 March 2018, as stipulated in Chapter IV of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015.

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. 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 Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015.

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

**Date: 14/05/2018
Place: Chandigarh**

**For M.R. CHECHI & ASSOCIATES
COMPANY SECRETARIES**

**MAST RAM, FCS
Membership No: 3823
Certificate of Practice No: 2906**

Independent Auditor's Report

To the Members of **KDDL Limited**

1. Report on Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of KDDL Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the standalone Ind AS financial statements').

2. Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss and including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our 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 audit report under the provisions of the Act and the Rules made thereunder.

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis

of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the 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 2018 and its profit and including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

5. Other matter

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening Balance Sheet as at 1 April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 30 May 2017 and 30 May 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of the above matter.

6. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure 'A', a statement on the matters specified in paragraphs 3 and 4 of the Order.
- (ii) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B'.
 - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

KDDL Limited

- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Also, refer to Note 37 to the standalone Ind AS financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (iv) The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited Standalone financial statements for the year ended 31 March 2017 have been disclosed. Also, refer to Note 42 to the standalone Ind AS financial statements.

For BSR & Co. LLP

Chartered Accountants

Firm Registration No.: 101248W/W-100022

Place: Gurugram, Haryana

Date: 14 May 2018

Pravin Tulsyan

Partner

Membership No.: 108044

Annexure 'A' referred to in paragraph 6(I) of the Independent Auditors' Report to the Members of the Company for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, the discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following which are not held in the name of the Company:

Particulars	Total number of cases	Whether leasehold / freehold	Gross block as at 31 March 2018 (Rs. in lakhs)	Net block as at 31 March 2018 (Rs. in lakhs)	Remarks
Land	1	Leasehold	5.67	5.67	The management is completing formalities for transferring the title deeds.

- (ii) According to the information and explanation given to us, the inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the Register maintained under Section 189 of the Act, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no amount overdue for more than 90 days at the balance sheet date.

The Company has not granted loans, secured or unsecured, to limited liability partnership and other parties covered in the Register maintained under Section 189 of the Act. Further, there are no firms required to be covered in the Register maintained under Section 189 of the Act.
- (iv) According to the information and explanations given to us, in respect of loans, guarantees and investments made by the Company, the provisions of section 185 and 186 of the Act have been complied with.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under

where applicable, the directives issued by the Reserve Bank of India as applicable with regard to deposits accepted from the public. As informed to us, there have been no proceedings before the Company Law Board or National Company Law Tribunal and Reserve Bank of India or any court or any other tribunal in this matter and no order has been passed by any of the aforesaid authorities in this regard.

- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Excise, Duty of Customs, Cess, Value Added Tax and other statutory dues have generally been regularly deposited during the year with the appropriate authorities, though there have been slight delays in a few cases of Income tax and Professional tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Excise, Duty of Customs, Value Added Tax and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of Dues	Amount disputed*	Amount deposited*	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax	42.64	-	October 2008- May 2013	Commissioner (Appeals)
Finance Act, 1994	Service tax	24.72	-	Commissioner (Appeals)
Finance Act, 1994	Service tax	9.56	-	June 2009 – September 2013	Commissioner (Appeals)
Finance Act, 1994	Service tax	2.54	-	October 2013 – August 2014	Commissioner (Appeals)
Finance Act, 1994	Service tax	2.69	-	September 2014 – June 2015	Commissioner (Appeals)
Finance Act, 1994	Service tax	2.33	-	June 2015 – June 2016	Commissioner (Appeals)
Income Tax Act, 1961	Income tax	40.46	40.46	FY 2003-04	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income tax	132.03	-	FY 2004-05	Income Tax Appellate Tribunal, New Delhi

Name of the Statute	Nature of Dues	Amount disputed* (Rs. in lakhs)	Amount deposited* (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	106.25	98.16	FY 2005-06	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income tax	1.87	-	FY 2007-08	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income tax	4.01	-	FY 2008-09	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income tax	21.01	-	FY 2009-10	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income tax	29.72	-	FY 2010-11	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income tax	71.02	-	FY 2011-12	Commissioner of Incometax (Appeals), New Delhi

* amount as per demand orders including interest and penalty, wherever indicated in the order.

- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers or to any financial institutions. The Company did not have any loans or borrowings from government and has not issued any debentures during the year.
- (ix) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the term loans taken during the year have been applied for the purposes for which they were obtained. As informed to us, the Company has not raised any other moneys by way of initial public offer or further public offer (including debt instruments).
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provision of section 197 read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable accounting standards.

KDDL Limited

- (xiv) According to the information and explanations given to us, the Company has duly complied with the requirements of section 42 of the Act, in respect of preferential allotment of shares made during the year. The Company has neither made any private placement of shares nor issued any fully or partly convertible debentures during the year. The proceeds from issue of equity shares amounting to Rs. 225 lakhs, which has been received during the year, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **BSR & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Place: Gurugram, Haryana
Date: 14 May 2018

Pravin Tulsyan
Partner
Membership No.: 108044

Annexure B referred to in paragraph 6(ii)(f) to the Independent Auditor's report to the Members of KDDL Limited being report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to standalone Ind AS financial statements of **KDDL Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to standalone Ind AS Financial Statements

A company's internal financial control with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in

accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BSR & Co. LLP

Chartered Accountants

Firm Registration No.: 101248W/W-100022

Place: Gurugram, Haryana

Date: 14 May 2018

Pravin Tulsyan

Partner

Membership No.: 108044

Balance sheet as at 31 March 2018

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

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Assets				
Non-current assets				
Property, plant and equipment	3	6,044.44	6,093.50	5,795.65
Capital work-in-progress	3	2,354.71	458.55	256.54
Other intangible assets	4	56.07	66.28	97.84
Financial assets				
- Investments	5	6,759.03	4,834.61	3,251.56
- Loans	6	168.92	170.19	201.32
Income tax assets (net)	7	499.73	499.73	425.20
Other non-current assets	8	176.68	172.78	84.52
Total non-current assets		16,059.58	12,295.64	10,112.63
Current assets				
Inventories	9	2,713.29	2,101.57	2,113.65
Financial assets				
- Trade receivables	10	2,856.17	2,119.79	1,992.16
- Cash and cash equivalents	11	180.15	135.26	89.31
- Other bank balances	12	672.96	858.06	432.67
- Loans	6	177.38	153.39	126.53
- Other financial assets	13	85.89	97.93	116.79
Other current assets	14	1,031.92	540.06	603.71
Total current assets		7,717.76	6,006.06	5,474.82
Total assets		23,777.34	18,301.70	15,587.45
Equity and Liabilities				
Equity				
Equity share capital	15	1,103.99	1,092.67	1,017.20
Other equity	16	11,928.79	10,534.04	7,623.13
Total equity		13,032.78	11,626.71	8,640.33
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	17	3,338.19	2,177.45	1,844.76
- Other financial liabilities	18	12.46	16.31	6.77
Provisions	19	193.18	158.41	281.80
Deferred tax liabilities (net)	20	378.31	456.44	403.31
Total non-current liabilities		3,922.14	2,808.61	2,536.64
Current liabilities				
Financial liabilities				
- Borrowings	17	2,255.42	850.25	1,409.79
- Trade payables	21	1,499.78	1,003.21	988.35
- Other financial liabilities	18	2,358.14	1,752.24	1,728.94
Other current liabilities	22	275.41	126.72	167.87
Provisions	19	78.62	82.50	61.32
Current tax liabilities (net)	23	355.05	51.46	54.21
Total current liabilities		6,822.42	3,866.38	4,410.48
Total liabilities		10,744.56	6,674.99	6,947.12
Total equity and liabilities		23,777.34	18,301.70	15,587.45
Significant accounting policies	2			
Notes to the standalone Ind AS financial statements	3-44			

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

As per our report of even date attached

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

Pravin Tulsyan
 Partner
 Membership no. 108044

 Place : Gurugram, Haryana
 Date : 14 May 2018

 For and on behalf of the Board of Directors of **KDDL Limited**
Yashovardhan Saboo
 Chairman
 and Managing Director
 DIN: 00012158

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

Raman Sood
 Company Secretary
 Membership no. F3722

 Place : Gurugram, Haryana
 Date : 14 May 2018

Statement of Profit and Loss for the year ended 31 March 2018

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

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	24	14,724.28	13,061.34
Other income	25	479.98	272.37
Total income		15,204.26	13,333.71
Expenses			
Cost of materials consumed	26	3,690.63	2,928.50
Excise duty on sales		143.00	520.10
Changes in inventories of finished goods and work-in-progress	27	(326.14)	(58.51)
Employee benefits expense	28	4,264.65	3,942.92
Finance costs	29	483.22	551.57
Depreciation and amortisation expense	30	740.17	725.14
Other expenses	31	4,208.79	3,568.73
Total expenses		13,204.32	12,178.45
Profit before income tax		1,999.94	1,155.26
Income tax expense:	32		
- Current tax			
- Current year		659.06	343.90
- Changes in estimates related to previous year		-	5.16
- Deferred tax		(66.04)	54.54
Total income tax expense		593.02	403.60
Profit for the year		1,406.92	751.66
Other comprehensive income / (expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit liability / (asset)		(42.21)	(4.11)
<i>Income tax relating to items that will not be reclassified to profit or loss:</i>			
Income tax on remeasurement of defined benefit liability / (asset)		12.07	1.42
Other comprehensive income / (expense) for the year (net of income tax)		(30.14)	(2.69)
Total comprehensive income / (expense) for the year		1,376.78	748.97
Earnings per share [nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (Rs.)	33	12.97	7.29
Diluted (Rs.)		12.96	7.28
Significant accounting policies	2		
Notes to the standalone Ind AS financial statements	3-44		

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

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

Pravin Tulsyan
 Partner
 Membership no. 108044

Place : Gurugram, Haryana
 Date : 14 May 2018

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

Yashovardhan Saboo
 Chairman
 and Managing Director
 DIN: 00012158

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

Raman Sood
 Company Secretary
 Membership no. F3722

Place : Gurugram, Haryana
 Date : 14 May 2018

Statement of changes in equity for the year ended 31 March 2018

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

a. Equity share capital	Note	
Balance as at 1 April 2016	15	1,017.20
Changes in equity share capital during the year		75.47
Balance as at 31 March 2017	15	1,092.67
Changes in equity share capital during the year		11.32
Balance as at 31 March 2018		1,103.99

b. Other equity

	Reserves and surplus				Money received against shares warrants	Total
	Securities premium	General reserve	Employee stock options outstanding reserve	Retained earnings		
Balance as at 1 April 2016	4,664.06	1,776.20	21.58	1,161.29	-	7,623.13
<i>Total comprehensive income for the year ended 31 March 2017</i>						
Profit for the year	-	-	-	751.66	-	751.66
Other comprehensive income/ (expense) (net of tax)	-	-	-	(2.69)	-	(2.69)
Total comprehensive income for the year	-	-	-	748.97	-	748.97
Transfer to general reserve	-	200.00	-	(200.00)	-	-
Options forfeited during the year	-	-	(3.28)	-	-	(3.28)
Issue of equity shares for cash	1,924.53	-	-	-	-	1,924.53
Share issue expense	(10.10)	-	-	-	-	(10.10)
Issue of share warrants	-	-	-	-	250.79	250.79
Dividend	-	-	-	-	-	-
Corporate dividend tax	-	-	-	-	-	-
Balance as at 31 March 2017	6,578.49	1,976.20	18.30	1,710.26	250.79	10,534.04
<i>Total comprehensive income for the year ended 31 March 2018</i>						
Profit for the year	-	-	-	1,406.92	-	1,406.92
Other comprehensive income/ (expense) (net of tax)	-	-	-	(30.14)	-	(30.14)
Total comprehensive income for the year	-	-	-	1,376.78	-	1,376.78

KDDL Limited**Statement of changes in equity for the year ended 31 March 2018**

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

	Reserves and surplus				Money received against shares warrants	Total
	Securities premium	General reserve	Employee stock options outstanding reserve	Retained earnings		
Transfer to general reserve	-	400.00	-	(400.00)	-	-
Options forfeited during the year	-	-	-	-	-	-
Issue of equity shares for cash	288.68	-	-	-	(75.00)	213.68
Share issue expense	-	-	-	-	-	-
Issue of share warrants	-	-	-	-	-	-
Dividend	-	-	-	(162.60)	-	(162.60)
Corporate dividend tax	-	-	-	(33.11)	-	(33.11)
Balance as at 31 March 2018	6,867.17	2,376.20	18.30	2,491.33	175.79	11,928.79
Significant accounting policies			2			
Notes to the standalone Ind AS financial statements			3-44			

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

As per our report of even date attached

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

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Pravin Tulsyan
Partner
Membership no. 108044

Raman Sood
Company Secretary
Membership No. F3722

Place : Gurugram, Haryana
Date : 14 May 2018

Place : Gurugram, Haryana
Date : 14 May 2018

Cash flow statement for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from operating activities		
Profit before income tax	1,999.94	1,155.26
Adjustments for :		
Depreciation and amortisation expenses	740.17	725.14
Provisions no longer required written back	(26.26)	(21.04)
Net gain on sale of property, plant and equipment	(160.61)	(0.50)
Interest income	(83.50)	(118.73)
Dividend income	(14.63)	(24.05)
Expense on employee stock option scheme	-	(3.28)
Finance cost	483.22	552.05
Unrealised foreign exchange (gain) / loss	(9.80)	8.64
Fixed assets written off (net)	2.90	3.85
Expected credit loss on trade receivables	-	5.97
Advances / deposits written off	0.41	.80
Net change in fair value of financial assets (at FVTPL)	-	2.62
Operating cash flow before working capital changes	2,931.84	2,286.73
Changes in working capital:		
Decrease/ (Increase) in loans	(13.29)	9.85
Decrease in other financial assets	11.98	20.13
(Increase)/ decrease in other non-current assets	4.68	33.57
(Increase)/ decrease in inventories	(611.72)	12.08
(Increase) in trade receivables	(722.41)	(140.95)
(Increase)/ decrease in other current assets	(491.86)	72.89
(Decrease) in provisions	(11.32)	(106.32)
Increase in trade payables	508.23	24.79
Increase in other financial liabilities	85.69	167.27
Increase/ (decrease) in other current liabilities	149.20	(38.75)
Cash generated by operating activities	1,841.02	2,341.29
Income tax (paid), net	(355.47)	(426.34)
Net cash generated from operating activities (A)	1,485.55	1,914.95
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances)	(2,179.30)	(1,364.26)
Proceeds from sale of property, plant and equipment	178.19	49.36
Payment for purchase of investments in subsidiary	(1,914.42)	(1,564.02)
Movement in other bank balances	189.35	(430.91)
Interest received	74.13	111.88
Dividend received	0.30	-
Net cash (used) in investing activities (B)	(3,651.75)	(3,197.95)

Cash flow statement for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	225.00	2,250.79
Share issue expenses	-	(10.10)
Proceeds from non-current borrowings	2,340.27	1,608.15
Repayment of non-current borrowings	(1,127.31)	(1,396.56)
Proceeds from/repayments of current borrowings (net)	201.27	(14.69)
Finance cost paid	(436.33)	(563.79)
Dividend paid	(162.60)	-
Tax on dividend	(33.11)	-
Net cash flow provided by financing activities (c)	1,007.19	1,873.80
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(1,159.01)	590.80
Cash and cash equivalents at the beginning of period (see below)	(412.46)	(1,003.26)
Cash and cash equivalents at the end of period (see below)	(1,571.47)	(412.46)

Notes:

1. Components of cash and cash equivalents:

Balances with banks in current accounts	66.86	118.70
Remittances in-transit	108.15	-
Cash on hand	5.14	16.56
Bank overdrafts	(1,751.62)	(547.72)
	(1,571.47)	(412.46)

2. The above cash flow statement has been prepared under the indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on "Statement of Cash Flow". Also, refer to note 2(r).
3. Refer note 17 for reconciliation of movements of liabilities to cash flows arising from financing activities.
4. During the year, the Company paid in cash Rs. 21.60 (previous year: Rs. 18.00) towards corporate social responsibility (CSR) expenditure (including in Corporate social responsibility expenditure - Refer note 31 (b)).

Significant accounting policies 2
Notes to the standalone Ind AS financial statements 3-44

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

As per our report of even date attached

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

For B S R & Co. LLP

Yashovardhan Saboo

Sanjeev Masown

Chartered Accountants

Chairman

Chief Financial Officer

Firm registration no.:101248W/W-100022

and Managing Director

and Whole time Director

DIN: 00012158

DIN: 03542390

Pravin Tulsyan

Raman Sood

Partner

Company Secretary

Membership no. 108044

Membership no. F3722

Place : Gurugram, Haryana

Place : Gurugram, Haryana

Date : 14 May 2018

Date : 14 May 2018

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

1. Reporting entity

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

The Company is primarily engaged in the business of manufacturing dials, watch hands and precision components. Currently, the Company has its manufacturing facilities, at Parwanoo (Himachal Pradesh) and Derabassi (Punjab) – dial manufacturing, Bengaluru (Karnataka) - hands and precision components manufacturing.

2. Significant accounting policies

a) Basis of preparation

i) Statement of compliance

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

The Company's financial statements upto and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounts) Rules, 2014.

As these are Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, which was the previous GAAP. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 34.

The standalone Ind AS financial statements were authorized for issue by the Company's Board of Directors on 14 May 2018.

ii) Functional and presentation currency

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

iii) Basis of measurement

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

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

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

iv) Use of estimates and judgments

The preparation of standalone Ind AS financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the standalone Ind AS financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

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

- Note 2(a)(v) - Fair value measurement
- Note 2(b) and 3 – Assessment of useful life of Property, plant and equipment
- Note 2(c) and 4 – Assessment of useful life of Intangible assets
- Note 2(f), 2(g), 19 and 37 – Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(l), 7 and 20 - Recognition of tax expense including deferred tax
- Note 2(n) - Impairment of financial assets
- Note 2(o) - Impairment test of non-financial assets: key assumptions underlying recoverable amounts and
- Note 38 - Measurement of defined benefit obligations: key actuarial assumptions; Share based payments

v) Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

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

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

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

Items of PPE are measured at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and/or accumulated impairment loss, if any.

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

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date. Advances paid towards acquisition of PPE outstanding at each Balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2016.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

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

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated 29 August 2014 of the Ministry of Corporate Affairs. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

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

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

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

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

Derecognition

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

c) Other intangible assets

Acquired Intangible

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

Subsequent expenditure

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

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation

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

The estimated useful lives are as follows:

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

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

Derecognition

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

d) Inventories

Inventories are measured at the lower of cost and net realisable value. The methods of determining cost of various categories of inventories are as follows:

Raw materials	Weighted average method
Traded Goods	Weighted average method
Stores and spares	Weighted average method
Work-in-progress and finished goods (manufactured)	Variable cost at weighted average including an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

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

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

e) Employee benefits*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages and bonus etc., if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

The Company has elected to apply Ind AS 102 Share based payment to equity instruments that vested after the date of transition to Ind AS pursuant to the exemption under Ind AS 101.

*Post-employment benefits*Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards employee provident fund and employee

state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Certain employees of the Company are also participants in the superannuation plan ("the Plan"), a defined contribution plan. The Company makes specified monthly contributions to Life Insurance Corporation of India (LIC). Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss.

Defined benefit plans

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

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

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensated absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

f) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

g) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

h) Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

i) Revenue*Sale of goods*

Revenue from the sale of goods in the course of ordinary activities includes excise duty till 30 June 2017 (goods and service tax ('GST') with effect from 1 July 2017) and is measured at the fair value of the consideration received or receivable, exclusive of taxes as applicable such as sales tax, value added taxes (VAT), service tax and GST, and is net of returns, trade discounts, quantity discounts and cash discounts. Revenue includes shipping and handling costs billed to the customer.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Sale of services

Revenue from services rendered is recognised in profit or loss when the services are rendered and the related costs are incurred.

Export benefits

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

j) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

k) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

l) Income taxes

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

Current tax

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

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.

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

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

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

m) Leases

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

Operating leases

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

Finance leases

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

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

n) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Financial assets**Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising

from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

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

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

Equity investments

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

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings. KDDL Limited Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Impairment of financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

Derecognition of financial assets

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-

through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

o) Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest Company of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of as CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to CGU) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

p) Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

r) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

s) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

t) Foreign currency transactions***Initial recognition***

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

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in statement of profit and loss.

u) Recent Accounting pronouncements

Applicable standards issued but not yet effective

Ind AS 115, Revenue from contracts with customers

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and does not expect the impact of the adoption of the new standard to be material.

Appendix B, Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company has completed its evaluation and the possible impact of this amendment and does not expect the impact and adoption of this amendment to be material.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

3 Property, plant and equipment and capital work in progress

Gross carrying amount (refer to note c)

	Freehold land	Leasehold land \$	Buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work-in-progress*
Deemed cost										
Balance as at 1 April 2016	82.63	546.59	801.84	1.86	4,010.50	152.92	49.90	149.41	5,795.65	256.54
Additions	3.52	31.21	28.43	67.19	818.88	38.93	42.60	4.65	1,035.41	478.66
Disposals	-	-	(1.43)	-	(31.48)	-	(8.78)	(61.18)	(102.87)	(276.65) #
Balance as at 31 March 2017	86.15	577.80	828.84	69.05	4,797.90	191.85	83.72	92.88	6,728.19	458.55
Balance as at 1 April 2017	86.15	577.80	828.84	69.05	4,797.90	191.85	83.72	92.88	6,728.19	458.55
Additions	-	-	143.79	14.24	345.23	45.16	21.31	116.61	686.34	2,284.93
Disposals	(7.55)	-	-	(1.15)	(5.01)	-	(0.08)	(17.21)	(31.00)	(388.77) #
Balance as at 31 March 2018	78.60	577.80	972.63	82.14	5,138.12	237.01	104.95	192.28	7,383.53	2,354.71

Accumulated depreciation (refer to note c)

Balance as at 1 April 2016	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	5.53	42.88	10.65	530.36	36.37	24.69	34.37	684.85	-
Disposals	-	-	(0.82)	-	(6.38)	-	(8.59)	(34.37)	(50.16)	-
Balance as at 31 March 2017	-	5.53	42.06	10.65	523.98	36.37	16.10	-	634.69	-
Balance as at 1 April 2017	-	5.53	42.06	10.65	523.98	36.37	16.10	-	634.69	-
Depreciation for the year	-	5.76	42.94	7.56	558.36	46.85	15.79	37.66	714.92	-
Disposals	-	-	-	(0.08)	(1.60)	-	-	(8.84)	(10.52)	-
Balance as at 31 March 2018	-	11.29	85.00	18.13	1,080.74	83.22	31.89	28.82	1,339.09	-

Carrying amounts (net)

At 1 April 2016	82.63	546.59	801.84	1.86	4,010.50	152.92	49.90	149.41	5,795.65	256.54
At 31 March 2017	86.15	572.27	786.78	58.40	4,273.92	155.48	67.62	92.88	6,093.50	458.55
At 31 March 2018	78.60	566.51	887.63	64.01	4,057.38	153.79	73.06	163.46	6,044.44	2,354.71

Notes:

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

b. Refer note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. Refer note 34 for a reconciliation of deemed cost as considered by the Company pursuant to transition provision under Ind AS 101.

* Includes capitalised borrowing costs related to the construction of the new factory amounted to Rs. 110.75 (previous year: Rs. 40.10).

\$ Includes leasehold land of Rs. 5.67 (31 March 2017: Rs. 5.67, 1 April 2016: Rs. 5.67) situated at Parwanoo for which the Company is in the process of completing formalities for transferring the title deed in its own name.

Represents capital-work-in-progress capitalized during the year.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

4. Other intangible assets
Gross carrying amount (refer to note d)

	Technical know-how	Softwares	Web portal	Total
Deemed cost				
Balance as at 1 April 2016	21.61	63.20	13.03	97.84
Additions - acquired	-	8.73	-	8.73
Balance as at 31 March 2017	21.61	71.93	13.03	106.57
Balance as at 1 April 2017	21.61	71.93	13.03	106.57
Additions - acquired	-	15.04	-	15.04
Balance as at 31 March 2018	21.61	86.97	13.03	121.61

Accumulated amortisation (refer to note d)

Balance as at 1 April 2016	-	-	-	-
Amortisation for the year	3.72	27.25	9.32	40.29
Balance as at 31 March 2017	3.72	27.25	9.32	40.29
Balance as at 1 April 2017	3.72	27.25	9.32	40.29
Amortisation for the year	0.91	24.34	-	25.25
Balance as at 31 March 2018	4.63	51.59	9.32	65.54

Carrying amounts (net)

At 1 April 2016	21.61	63.20	13.03	97.84
At 31 March 2017	17.89	44.68	3.71	66.28
At 31 March 2018	16.98	35.38	3.71	56.07

Notes:

d. Refer note 34 for a reconciliation of deemed cost as considered by the Company pursuant to transition provision under Ind AS 101.

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
5. Investments				
Non-current investments				
<i>Unquoted investments (fully paid up)</i>				
Investment in equity shares (at cost)				
Subsidiary Companies (at cost):				
- Pylania SA, Switzerland				
7,550 (31 March 2017: 7,550, 1 April 2016: 7,550)				
equity shares of Swiss Franc (CHF) 100 each fully paid up		281.24	281.24	281.24
- Ethos Limited				
10,223,508 (31 March 2017: 8,503,736, 1 April 2016: 7,665,648)				
equity shares of Rs. 10 each fully paid up	(a), (b)	5,390.98	3,026.56	1,804.92
- Mahen Distribution Limited				
5,700,000 (31 March 2017: 5,700,000, 1 April 2016: 5,700,000)				
equity shares of Rs 10 each fully paid up		570.00	570.00	570.00
- Kamla International Holdings SA, Switzerland				
6,000 (31 March 2017: 6,000, 1 April 2016: 6,000)				
equity shares of Swiss Franc (CHF) 100 each fully paid up		383.51	383.51	383.51
- Satva Jewellery and Design Limited				
3,000,000 (31 March 2017: 3,000,000, 1 April 2016: Nil)				
equity shares of Rs. 10 each fully paid up	(c)	150.00	150.00	-
		6,775.73	4,411.31	3,039.67
Associate (at cost):				
- Kamla Tesio Dials Limited.				
300,000 (31 March 2017: 300,000, 1 April 2016: 300,000)				
equity shares of Rs. 10 each fully paid up		30.00	30.00	30.00
		30.00	30.00	30.00
Joint venture (at cost):				
- Satva Jewellery and Design Limited				
Nil (31 March 2017: Nil, 1 April 2016: 1,500,000)				
equity shares of Rs. 10 each fully paid up	(c)	-	-	150.00
		-	-	150.00
Other Companies (Fair value through Statement of profit and loss):				
- Karolview Developers Private Limited				
500,000 (31 March 2017: 500,000, 1 April 2016: 500,000)				
equity shares of Rs. 10 each fully paid up		38.13	38.13	45.90

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
- Shivalik Waste Management Limited 17,500 (31 March 2017: 17,500, 1 April 2016: 17,500) equity shares of Rs. 10 each fully paid up	10.53	10.53	5.38
	48.66	48.66	51.28
	6,854.39	4,489.97	3,270.95
Investment in preference shares			
Subsidiary Companies :			
- Ethos Limited			
- Nil (31 March 2017: 300,000, 1 April 2016: Nil) 12% cumulative redeemable preference shares of Rs. 100 each	-	300.00	-
- Nil (31 March 2017: 136,363, 1 April 2016: Nil) 12% cumulative compulsory convertible preference shares of Rs. 110 each fully paid up	-	150.00	150.00
- 19,230 (31 March 2017: 19,230, 1 April 2016: 19,230) 14% cumulative compulsory convertible preference shares of Rs. 130 each fully paid up	25.00	25.00	25.00
- Mahen Distribution Limited 2,28,700 (31 March 2017: 2,28,700, 1 April 2016: 114,350) 12% fully convertible cumulative preference shares of Rs. 56 each fully paid	128.07	128.07	64.04
	153.07	603.07	239.04
Impairment in value of investments			
Subsidiary Companies:			
- Pylania SA, Switzerland	98.43	98.43	98.43
- Satva Jewellery and Design Limited	150.00	150.00	-
Associate:			
- Kamla Tesio Dials Limited	-	10.00	10.00
Joint venture:			
- Satva Jewellery and Design Limited	-	-	150.00
	248.43	258.43	258.43
Total non-current investments	6,759.03	4,834.61	3,251.56
Aggregate amount of unquoted investments	6,759.03	4,834.61	3,251.56
Aggregate amount of impairment in value of investments	248.43	258.43	258.43

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Notes:

- (a) This includes Rs. 14.51 (31 March 2017: Rs. 14.51, 1 April 2016: Rs. 14.51) which represents fair value of financial guarantees given to Ethos Limited.
- (b) This includes Rs. 36.07 (31 March 2017: Rs. 21.65, 1 April 2016: Rs. Nil) which represents dividend on investment in preference shares of Ethos Limited which has been waived by the company and is considered as quasi equity contribution as it is no longer payable by Ethos Limited.
- (c) With effect from 23 December 2016, Satva Jewellery and Design Limited ceased to be a joint venture and became subsidiary of the Company (refer to note 39).

6 Loans

(Unsecured, considered good unless otherwise stated)

	Non-Current			Current		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposit						
- to related parties (refer to note 39)	2.00	2.00	2.00	-	-	-
- to others	105.73	120.65	109.52	22.58	-	-
Loan to related parties (refer to note 39)	-	-	-	103.94	103.94	103.94
Loan to employees						
- to related parties (refer to note 39)	30.07	33.46	35.70	6.17	8.77	-
- to others	31.12	14.08	54.10	44.69	40.68	22.59
	168.92	170.19	201.32	177.38	153.39	126.53

Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
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7 Income tax asset (net)

Advance income-tax (net of provision of Rs. 739.27
(31 March 2017: Rs. 739.27, 1 April 2016: Rs. 1,195.78)

499.73	499.73	425.20
499.73	499.73	425.20

8 Other non-current assets

(Unsecured, considered good, unless otherwise stated)

Capital advances	121.19	126.25	4.43
- to others			
Advances other than capital advances			
- Advances to employees	51.13	9.62	35.58
- Prepaid expenses	4.36	36.91	44.51
	176.68	172.78	84.52

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note			
9 Inventories			
<i>(at lower of cost and net realisable value)</i>			
Raw materials*	1,410.04	1,135.36	1,153.94
Work-in-progress	977.64	667.64	600.83
Finished goods	99.47	83.33	93.44
Stores and spares	226.14	215.24	265.44
	<u>2,713.29</u>	<u>2,101.57</u>	<u>2,113.65</u>
* Includes goods-in-transit-raw materials	5.38	12.94	16.07
10 Trade receivables			
<i>(Unsecured, considered good, unless otherwise stated)</i>			
Trade receivables			
- Related parties (refer to note 39)	19.54	-	-
- Others			
- considered good	2,836.63	2,119.79	1,992.16
- considered doubtful	6.80	8.79	9.09
Less: expected credit loss allowance	(6.80)	(8.79)	(9.09)
	<u>2,856.17</u>	<u>2,119.79</u>	<u>1,992.16</u>
11 Cash and cash equivalents			
Balances with banks			
- in current accounts	66.86	118.70	75.51
Remittances in-transit	108.15	-	-
Cash on hand	5.14	16.56	13.80
	<u>180.15</u>	<u>135.26</u>	<u>89.31</u>
12 Other bank balances			
Deposit accounts with original maturity more than 3 months and upto 12 months from the reporting date (a)	649.02	838.37	407.46
Balance in unclaimed dividend accounts	23.94	19.69	25.21
	<u>672.96</u>	<u>858.06</u>	<u>432.67</u>
Notes:			
(a) These deposits include restricted bank deposits amounting to Rs. 622.23 (31 March 2017: Rs. 838.37, 1 April 2016: Rs. 407.46) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.			
13 Other financial assets			
Interest accrued	21.78	21.84	20.57
Recoverable from related parties (refer to note 39)	64.11	76.09	96.22
	<u>85.89</u>	<u>97.93</u>	<u>116.79</u>

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
14 Other current assets			
<i>(Unsecured, considered good, unless otherwise stated)</i>			
Recoverable from / balance with government authorities	645.15	306.11	344.60
Advances for supply of goods and services	234.82	117.67	89.80
Advances to employees	84.26	66.44	97.48
Prepaid expenses	67.69	49.84	71.83
	<u>1,031.92</u>	<u>540.06</u>	<u>603.71</u>

15. Equity Share capital

(i) Details of share capital	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of Shares	Amount	Number of Shares	Amount	Number of Share	Amount
Authorised						
Equity shares of Rs. 10 each.	12,480,000	1,248.00	12,480,000	1,248.00	12,480,000	1,248.00
	<u>12,480,000</u>	<u>1,248.00</u>	<u>12,480,000</u>	<u>1,248.00</u>	<u>12,480,000</u>	<u>1,248.00</u>
Issued						
Equity shares of Rs. 10 each	11,127,072	1,112.71	11,013,866	1,101.39	10,259,150	1,025.92
	<u>11,127,072</u>	<u>1,112.71</u>	<u>11,013,866</u>	<u>1,101.39</u>	<u>10,259,150</u>	<u>1,025.92</u>
Subscribed and paid up capital						
Equity shares of Rs. 10 each fully paid up	10,952,792	1,095.28	10,839,586	1,083.96	10,084,870	1,008.49
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71	174,280	8.71
	<u>11,127,072</u>	<u>1,103.99</u>	<u>11,013,866</u>	<u>1,092.67</u>	<u>10,259,150</u>	<u>1,017.20</u>

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

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

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

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of Shares	Amount	Number of Shares	Amount	Number of Share	Amount
Balance at the beginning of the year	10,839,586	1,083.96	10,084,870	1,008.49	9,076,470	907.65
Add: Shares issued during the year	113,206	11.32	754,716	75.47	1,008,400	100.84
Balance at the end of the year	<u>10,952,792</u>	<u>1,095.28</u>	<u>10,839,586</u>	<u>1,083.96</u>	<u>10,084,870</u>	<u>1,008.49</u>

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
(iv) <u>Details of Equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company:</u>						
	Number of shares	% of equity shares held	Number of shares	% of equity shares held	Number of shares	% of equity shares held
R. K. Saboo	2,058,460	19%	2,058,460	19%	2,058,460	20%
Yashovardhan Saboo	1,547,265	14%	1,509,530	14%	1,509,530	15%
Saif India V FII Holdings Limited	1,008,400	9%	1,008,400	9%	1,008,400	10%
Saif Partners India V Limited	754,716	7%	754,716	7%	-	-

(v) Bonus shares, shares buyback and issue of shares for consideration other than in cash (during five years immediately preceding 31 March 2018)

During the five years immediately preceding 31 March 2018, neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash except during the year ended 31 March 2015, 39,750 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(vi) Employee stock option plan

Terms attached to stock options granted to employees of the Company are described in note 38D regarding share based payments.

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

	Number of Shares	Amount	Number of Shares	Amount	Number of Share	Amount
Under KDDL Employee Stock Option Plan - 2011: 21,000 equity shares of Rs.10 each, at an exercise price of Rs. 120 per share (Refer note 38D)	21,000	2.10	21,000	2.10	24,750	2.48

16 Other equity

(also refer to Statement of Changes in Equity)

(i) **Securities premium**

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

(ii) **General reserve**

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

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

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

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

(iv) Retained earnings

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

(v) Money received against shares warrants

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

During the previous year ended 31 March 2017, the Company had issued 377,356 share warrant sat Rs.265 per share warrant (including securities premium of Rs 255 per share warrant) on a preferential allotment basis to certain promoters and promoter entities ('warrant holders') and had also received 25% application money amounting to Rs 66.25 per share warrant. The warrants are to be converted into equivalent number of equity shares on payment of balance 75% amount at any time on or before the end of eighteen months from the date of allotment failing which these would stand forfeited. In the events the warrants are not converted into equity shares with in the said period, the Company is eligible to forfeit the amounts received towards the warrants. During the year ended 31 March 2018, the Company has allotted 113,206 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realisation of balance 75% towards these warrants.

17 Borrowings

(i) Non-current borrowings	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Term-loans				
From banks (secured)	(a)	149.61	517.16	1,204.68
From others (secured)	(b)	<u>2,937.99</u>	<u>1,392.51</u>	<u>620.03</u>
		3,087.60	1,909.67	1,824.71
Deposits from shareholders				
From related parties (unsecured) (refer to note 39)	(c)	200.52	48.09	29.00
From others (unsecured)	(c)	<u>1,054.14</u>	<u>1,167.21</u>	<u>1,058.97</u>
		1,254.66	1,215.30	1,087.97
Total non-current borrowings (including current maturities)		<u>4,342.26</u>	<u>3,124.97</u>	<u>2,912.68</u>
Less : Current maturities of non-current borrowings (refer to note 18)		1,004.07	947.52	1,067.92
		<u>3,338.19</u>	<u>2,177.45</u>	<u>1,844.76</u>

Notes:

- (a) - Corporate loan from IDBI Bank amounting to Rs. 81.99 (31 March 2017: Rs. 194.35, 1 April 2016: Rs 248.67) 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 Derabassi unit (KDER), tool room division at Bengaluru (EIGEN) and hands division at Bengaluru (KHAN-1) and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. Term loans from IDBI Bank Limited amounting to Rs. Nil (31 March 2017: Rs. 106.80, 1

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

April 2016: Rs. 118.90) carried interest rate of 2.5% over the bank base rate. The term loan is further secured by way of first pari passu mortgage charge on freehold land and building of KDER. The term loans are also personally guaranteed by the Chairman & Managing Director of the Company. The Corporate loan is repayable in 2 equal quarterly instalments of Rs 28.12 each commencing from 31 May 2018 . The last instalment of Rs. 26.71 would be due on 30 November 2018.

- Vehicle loans from banks amounting to Rs. 67.62 (31 March 2017: Rs. 29.72, 1 April 2016: Rs. 53.90) carrying interest rate in the range of 9.51% per annum to 11.00% per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.

- Term loans from Bank of India amounting to Rs. Nil (31 March 2017: Rs. 186.29, 1 April 2016: Rs. 552.32) carried interest rate of 2.95% over the bank MCLR 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 Parwanoo (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 freehold land and building of dials division at Derabassi (KDER). The term loans are also personally guaranteed by the Chairman Emeritus and Chief Executive Officer (CEO) of the Company.

- Term loan from Corporation Bank amounting to Rs. Nil (31 March 2017: Rs. Nil, 1 April 2016: Rs. 230.89) carried interest rate of 5.5% over the bank base rate, was 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 freehold land and building of KHAN-1, situated at Bengaluru.

(b) - Term loan from Intec Capital limited amounting to Rs. 42.46 (31 March 2017: Rs. 64.34, 1 April 2016: Rs. 83.53) 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 by Chairman Emeritus and Chairman & Managing Director of the Company. The loan is to be repaid in 32 monthly installments as per the repayment schedule in equal annual installments commencing from 1 April 2016. The last instalment would be repaid on 1 November 2019.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 369.63 (31 March 2017: Rs. 504.87, 1 April 2016: Rs. 536.50) carrying interest rate equal to LTLR less 7% (presently 10.50%) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen III, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 33 monthly installments of Rs. 11.30 as per the repayment schedule in equal annual installments commencing from 25 April 2018. The last instalment would be repaid on 25 November 2020.

- Term loan from Tata Capital Financial Services Limited amounting to Rs. 337.50 (31 March 2017: Rs. 427.51, 1 April 2016: Rs. Nil) carrying interest rate equal to LTLR less 7.25% (presently 10.50%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at plot number 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Bengaluru and

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

exclusive charge by way of hypothecation over the plant & machineries & other movable assets of KHAN II, situated at 408, 4th Main, 11th Cross, Peenya Industrial Area, Bangalore 560058 (Karnataka). The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan is to be repaid in 15 quarterly installments of Rs. 22.50 as per the repayment schedule in equal annual installments commencing from 8 April 2018. The last instalment would be repaid on 8 October 2021.

- Term loan from Bajaj Finance Limited amounting to Rs. 2161.77 (31 March 2017: Rs. 395.79, 1 April 2016: Rs. Nil) carrying interest rate of 9.60% is secured by pari passu charge by way of hypothecation of equipment procured out of the term loan, Mortgage of leasehold Land & building at Bengaluru (Plot No. 55-A, Aerospace Sector) Hitech, Aerospace and Defence Park, Devanahalli, Bengaluru. The loan is also personally guaranteed by Chairman & Managing Director of the Company. The loan of Rs. 1,200 is to be repaid in 55 instalments of Rs.21.13 and last instalment would be paid on 5th October, 2022. The loan of Rs. 1,000 is to be repaid in 48 monthly installments of Rs. 20.83 as per the repayment schedule in equal monthly installments commencing from 05 January 2019. The last instalment would be repaid on 5 December 2022.

- Vehicle loans from Daimler financial services amounting to Rs. 26.63 (31 March 2017: Rs. Nil, 1 April 2016: Rs. Nil) carrying interest rate in the range of 9.51% per annum to 11.00% per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.

(c) Deposits from shareholders carrying interest rates in the range of 8.5% per annum to 12.5% per annum are repayable in 6 months to 3 years from the respective dates of deposit.

(ii) Current Borrowings

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans repayable on demand				
From banks (secured)	(a)	1,451.62	247.72	1,092.57
From others (secured)	(b)	300.00	300.00	-
Deposit from shareholders				
From others (unsecured)	(c)	23.98	28.72	104.01
Inter-corporate deposits from related parties (unsecured) (refer to note 39)	(d)	100.00	-	-
Buyers credit from banks (secured)	(e)	379.82	273.81	213.21
		<u>2,255.42</u>	<u>850.25</u>	<u>1,409.79</u>

Notes:

(a) Working capital borrowings from banks amounting to Rs. 1,451.62 (31 March 2017: Rs. 247.72, 1 April 2016: Rs. 1,092.57) carrying interest rate varying from 9.10% per annum to 10.90% per annum are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the entire fixed assets of the Company. These loans are also guaranteed by the Chairman & Managing Director of the Company and is repayable on demand.

(b) Working capital borrowings from others amounting to Rs. 300.00 (31 March 2017: Rs. 300.00, 1 April 2016: Rs. Nil) carrying interest rate of 9.15% per annum are secured by first pari passu charge on current assets.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

The loan is also personally guaranteed by the Chairman & Managing Director of the Company and is repayable on demand

- (c) Deposits from shareholders amounting to Rs. 23.98 (31 March 2017: Rs. 28.72, 1 April 2016: Rs. 104.01) carrying interest rates in the range of 8.5% per annum to 12.5% per annum are repayable in 6 months to 3 years from the respective dates of deposit.
- (d) Inter corporate deposits taken from Dream Digital Technology Limited amounting to Rs. 100.00 (31 March 2017: Rs. Nil, 1 April 2016 : Rs. Nil) carrying interest rate of 9% p.a is repayable within one year.
- (e) Buyers credit from Bank of India amounting to Rs. 84.69 (31 March 2017: Rs. 79.81, 1 April 2016: Rs. Nil) carrying interest rate 6 month libor plus 0.75% is secured against hypothecation of inventory and receivables is repayable on demand. Buyers credit from IDBI amounting to Rs. 295.13 (31 March 2017: Rs. 194.00, 1 April 2016: Rs. 77.07) carrying interest rate varying from 3 month libor plus 0.90% to 6 month libor plus 1.00% is secured against hypothecation of inventory and receivables is repayable on demand. Buyers credit from Corporation Bank amounting to Rs. Nil (31 March 2017: Rs. Nil, 1 April 2016: Rs. 136.14) carrying interest rate varying from 6 month libor plus 1.17% to 6 month libor plus 1.59% is secured against hypothecation of inventory and receivables is repayable on demand.

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year (including current and non-current borrowings)	3,975.22	4,322.47
Proceeds from non-current borrowings*	2,340.27	1,608.15
Repayment of non-current borrowings*	(1,127.31)	(1,396.56)
Proceeds from/repayments of current borrowings (net)	1,405.17	(559.54)
Transaction costs related to borrowings	4.33	0.48
Balance as at the end of the year (including current and non-current borrowings)	<u>6,597.68</u>	<u>3,975.00</u>

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

18 Other financial liabilities

	Non-Current			Current		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of non-current borrowings [refer to note 17(i)]	-	-	-	1,004.07	947.52	1,067.92
Interest accrued [refer to note 39(c)]	-	-	-	174.58	132.20	144.42
Unpaid dividends*	-	-	-	23.94	19.69	25.21
Capital creditors	-	-	-	465.31	52.13	48.42
Employee related payables	-	-	-	690.24	600.70	442.97
Security Deposit						
- from related parties [refer to note 39]	6.77	16.31	6.77	-	-	-
- from others	5.69	-	-	-	-	-
	<u>12.46</u>	<u>16.31</u>	<u>6.77</u>	<u>2,358.14</u>	<u>1,752.24</u>	<u>1,728.94</u>

* not due for deposit to investor education and protection fund

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

19 Provisions	Non-Current			Current		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<i>Provisions for employee benefits (refer note 38)</i>						
Liability for gratuity	-	-	140.95	28.51	48.50	37.00
Liability for compensated absences	172.29	145.86	132.00	44.85	30.42	22.17
	172.29	145.86	272.95	73.36	78.92	59.17
<i>Other provisions</i>						
Provision for warranties	20.89	12.55	8.85	5.26	3.58	2.15
	20.89	12.55	8.85	5.26	3.58	2.15
	193.18	158.41	281.80	78.62	82.50	61.32

Movement in other provisions	Warranties
Balance as on 1 April 2016	11.00
Provisions made during the period	7.29
Provisions utilised during the period	(2.15)
Balance as on 31 March 2017	16.14
Provisions made during the period	13.57
Provisions utilised during the period	(3.56)
Balance as on 31 March 2018	26.15

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when the claim will arise. Any recovery of cost incurred is netted off against the relevant cost.

20 Deferred tax liabilities (net)

Deferred tax liability on	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	503.05	592.72	577.28
Deferred tax liability (A)	503.05	592.72	577.28
Deferred tax assets on			
- Expected credit loss allowance	1.98	3.04	3.14
- Provision for warranties	7.61	5.58	3.80
- Provision for employee benefits	71.53	77.79	114.94
- Provision for bonus	43.62	49.87	52.09
Deferred tax assets (B)	124.74	136.28	173.97
Net deferred tax liabilities (A - B)	378.31	456.44	403.31

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

(b) Movement in temporary differences:

	As at 1 April 2016	Recognised in Statement of Profit & Loss	Recognised in other comprehensive Income	As at 31 March 2017
2016-2017				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	577.28	15.44	-	592.72
- Expected credit loss allowance	(3.14)	0.10	-	(3.04)
- Provision for warranties	(3.80)	(1.78)	-	(5.58)
- Provision for employee benefits	(114.94)	38.56	(1.42)	(77.79)
- Provision for bonus	(52.09)	2.22	-	(49.87)
	<u>403.31</u>	<u>54.54</u>	<u>(1.42)</u>	<u>456.44</u>

	As at 1 March 2017	Recognised in Statement of Profit & Loss	Recognised in other comprehensive income	As at 31 March 2018
2017-2018				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	592.72	(89.67)	-	503.05
- Expected credit loss allowance	(3.04)	1.06	-	(1.98)
- Provision for warranties	(5.58)	(2.03)	-	(7.61)
- Provision for employee benefits	(77.79)	18.34	(12.07)	(71.53)
- Provision for bonus	(49.87)	6.25	-	(43.62)
	<u>456.44</u>	<u>(66.05)</u>	<u>(12.07)</u>	<u>378.31</u>

21 Trade payables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Dues of Micro Enterprises and Small Enterprises (refer to note below)	42.56	72.70	45.07
Other trade payables	1,291.48	869.17	858.24
Other trade payables to related parties (refer to note 39)	165.74	61.34	85.04
	<u>1,499.78</u>	<u>1,003.21</u>	<u>988.35</u>

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

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018
(All amounts are in Indian Rupees Lakhs except for share data)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the year			
- Principal	42.55	72.00	44.30
- Interest	3.94	0.69	0.44
(b) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	-	0.77	-
(c) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	261.31	-	-
(d) The amount of interest due and payable for the period (where the principal has been paid but interest under the Micro Small and Medium Enterprises Development Act, 2006 not paid)	3.49	-	-
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.45	0.69	0.77
(f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Micro Small and Medium Enterprises Development Act, 2006	-	-	-
22 Other current liabilities			
Advance from customers	100.54	2.76	58.19
Statutory dues	172.62	121.20	104.52
Deferred revenue	2.25	2.76	5.16
	<u>275.41</u>	<u>126.72</u>	<u>167.87</u>
23 Current tax liabilities (net)			
Provision for income tax (net of advance tax of Rs. 1,155.99 (31 March 2017 Rs. 780.44, 1 April 2016: Rs. 318.74))	355.05	51.46	54.21
	<u>355.05</u>	<u>51.46</u>	<u>54.21</u>

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
24 Revenue from operations		
Sale of products (including excise duty to the extent applicable)	13,721.91	12364.87
Sale of services	365.66	195.61
Other operating revenues		
Export incentives	288.65	254.09
Scrap sales	348.06	246.77
	<u>14,724.28</u>	<u>13,061.34</u>
25 Other income		
Interest income		
Fixed deposits with banks	36.70	51.37
Interest income from related parties (refer to note 39)	28.16	6.00
Interest income from others	18.64	61.36
Dividend income	14.63	24.05
Rental income	24.53	45.36
Liabilities/ provision no longer required written back	26.26	21.04
Exchange gain on foreign exchange fluctuations (net)	162.54	59.76
Net gain on sale of property, plant and equipment	160.61	0.50
Miscellaneous income	7.91	2.93
	<u>479.98</u>	<u>272.37</u>
26 Cost of materials consumed		
Inventory of material at the beginning of the year	1,135.36	1,153.93
Purchases of raw materials	3,965.31	2,909.93
	<u>5,100.67</u>	<u>4,063.86</u>
Inventory of material at the end of the year	1,410.04	1,135.36
	<u>3,690.63</u>	<u>2,928.50</u>
27 Changes in inventories of finished goods and work-in-progress		
Opening stock		
Work-in-progress	667.64	600.83
Finished goods	83.33	93.44
	<u>750.97</u>	<u>694.27</u>
<i>Less:</i>		
Closing stock		
Work-in-progress	977.64	667.64
Finished goods	99.47	83.33
	<u>1,077.11</u>	<u>750.97</u>
Add : Increase/(decrease) in excise duty on finished goods (as applicable)	-	(1.81)
	<u>(326.14)</u>	<u>(58.51)</u>

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
28 Employee benefits expense		
Salaries and wages	3,718.35	3,489.67
Contributions to provident and other funds	331.88	302.68
Staff welfare expenses	<u>214.42</u>	<u>150.57</u>
	<u>4,264.65</u>	<u>3,942.92</u>
29 Finance costs		
Interest expense on financial liabilities measured at amortised cost	398.41	469.84
Other borrowing costs	<u>84.81</u>	<u>81.73</u>
	<u>483.22</u>	<u>551.57</u>
30 Depreciation and amortisation expense		
Depreciation on property, plant and equipment (refer to note 3)	714.92	684.85
Amortisation of other intangible asset (refer to note 4)	<u>25.25</u>	<u>40.29</u>
	<u>740.17</u>	<u>725.14</u>
31 Other expenses		
Stores and spares consumed	704.45	592.64
Power, fuel and water charges	387.88	334.90
Contractual labour expenses	540.68	366.48
Insurance	8.48	19.21
Rent (refer note 41)	208.91	216.87
Rates and taxes	13.10	22.15
Repair and maintenance	334.49	289.96
Legal and professional fees [refer note (a) below]	463.90	369.60
Travelling and conveyance	369.11	365.21
Job charges	509.20	375.68
Printing and stationery	47.54	35.58
Communication expenses	53.47	64.80
Commission	149.48	191.43
Events and exhibitions	92.76	62.24
Property, plant and equipment written off	2.90	3.85
Expected credit loss on trade receivables	-	5.97
Donation	6.82	3.85
Advances / deposits written off	0.41	0.80
Provision for warranty (refer note 19)	10.01	5.14
Directors' sitting fees	5.40	5.40
Security service charges	78.93	73.84
Net change in fair value of financial assets (at FVTPL)	-	2.62
Corporate social responsibility expenditure [refer note (b) below]	21.60	18.00
Miscellaneous expenses	<u>199.27</u>	<u>142.51</u>
	<u>4,208.79</u>	<u>3,568.73</u>

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
Note (a): Auditors' remuneration (excluding taxes as applicable)		
As Auditor		
- Statutory audit	10.00	10.50
- Tax audit	1.50	1.00
- Limited review of quarterly results	7.50	5.00
In other capacity		
- Certification work	-	1.05
- Reimbursement of expenses	0.97	2.10
	<u>19.97</u>	<u>19.65</u>
Note (b): Detail of corporate social responsibility expenditure		
a. Amount required to be spent by the Company during the year	20.99	17.67
b. Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above*	21.60	18.00
	<u>21.60</u>	<u>18.00</u>
*Out of contribution made, Rs. 15.50 (previous year Rs. 9.45) has been spent by the KDDL Ethos Foundation on activities prescribed under Section 135 of the Companies Act, 2013.		
32 Tax expense		
A. Amounts recognised in statement of profit and loss		
Current tax		
Current year	659.06	343.90
Changes in estimates related to prior years	-	5.16
	<u>659.06</u>	<u>349.06</u>
Deferred tax		
Attributable to—		
Origination and reversal of temporary differences	(66.04)	54.54
	<u>(66.04)</u>	<u>54.54</u>
	<u>593.02</u>	<u>403.60</u>
B. Reconciliation of effective tax rate		
Profit before tax	1,999.94	1,155.26
Tax at the Indian tax rate of 34.61% (previous year 34.61%)*	692.14	399.81
Effect of expenses that are not deductible in determining taxable profit	17.46	6.57
Tax exempt income	(55.58)	-
Effect of reduction in tax rate	(72.38)	-
Others	11.38	(2.78)
Income tax expenses recognised in statement of profit and loss	<u>593.02</u>	<u>403.60</u>

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
* The tax rate used for the current year reconciliation above is the corporate tax rate of 34.61% (previous year 34.61%) payable by corporate entities in India on taxable profits under the Indian tax law. Further, with effect from 1 April 2018, applicable tax rate for financial year 2018-19 is 29.12% which is considered as the substantially enacted rate used for deferred tax recognition.		
C. Income tax recognised in other comprehensive income		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit liability (asset)	<u>(42.21)</u>	<u>(4.11)</u>
	<u>(42.21)</u>	<u>(4.11)</u>
Bifurcation of the income tax recognised in other comprehensive income		
Items that will not be reclassified to profit or loss		
Items that will be reclassified to profit or loss	<u>12.07</u>	<u>1.42</u>
	<u>12.07</u>	<u>1.42</u>
33 Earnings per share		
A. Basic earnings per share		
i. Profit / (loss) for basic earning per share of Rs. 10 each		
Profit for the year	1,406.92	751.66
ii. Weighted average number of equity shares for (basic)		
Balance at the beginning of the year	10,839,586	10,084,870
Effect of fresh issue of shares	<u>5,118</u>	<u>228,483</u>
	<u>10,844,704</u>	<u>10,313,353</u>
Basic Earnings per share (face value of Rs 10 each)	12.97	7.29
B. Diluted earnings per share		
i. Profit / (loss) for diluted earning per share of Rs. 10 each		
Profit for the year	140,6.92	75,1.66
ii. Weighted average number of equity shares for (diluted)		
Balance at the beginning of the year	10,839,586	10,084,870
Effect of fresh issue of shares	5,118	228,483
Effect of employee stock options*	<u>11,238</u>	<u>8,858</u>
	<u>10,855,942</u>	<u>10,322,211</u>
Diluted Earnings per share (face value of Rs. 10 each)	12.96	7.28

* 9,762 options (31 March 2017: 12,142 options) were excluded from calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

34 Explanation to transition to Ind AS

As stated in Note 2(a)(i), these are the Company's first financial statements prepared in accordance with Ind AS. For all periods up to and for the period ended 31 March 2017, the Company had prepared its financial statements in accordance with the Companies (Accounts) Rules, 2014, as notified under section 133 of the Companies Act 2013, and other relevant provisions of the Act (Previous GAAP).

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 01 April 2016.

In preparing its Ind AS balance sheet as at 01 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

A. Optional exemptions availed
(i) Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value. Information relating to gross carrying amount of assets and accumulated depreciation as on the transition date as per previous GAAP is as follows:

Property, plant and equipment

	Freehold land	Leasehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
Gross carrying amount as at 1 April 2016	82.63	547.20	1,443.83	21.30	9,288.20	591.06	173.90	339.60	12,487.72
Accumulated depreciation as at 1 April 2016	-	(0.61)	(642.00)	(19.44)	(5,277.70)	(438.13)	(124.00)	(190.19)	(6,692.07)
Deemed cost as at 1 April 2016	82.63	546.59	801.84	1.86	4,010.50	152.92	49.90	149.41	5,795.65

Other intangible assets

	Technical know-how	Software	Web portal	Total
Gross carrying amount as at 1 April 2016	88.39	268.71	72.99	430.09
Accumulated amortisation as at 1 April 2016	(66.78)	(205.51)	(59.96)	(332.25)
Deemed cost as at 1 April 2016	21.61	63.20	13.03	97.84

(ii) Investments in subsidiaries, associates and joint ventures

The Company has elected to measure its investments in subsidiaries, associates and joint ventures at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(iii) Share-based payments

As permitted by Ind AS 101, the Company has elected not to apply Ind AS 102 Share-Based Payment, to equity instruments that vested prior to the date of transition to Ind AS.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

B. Mandatory exceptions

(i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS (i.e. 1 April 2016) or at the end of the comparative information period presented in the entity's first Ind AS financial statements (i.e. 31 March 2017), shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any difference in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that exist at the transition date or at the end of the comparative period.

The Company's estimates under Ind AS are consistent with the above requirement. The key estimates considered in preparation of financial statements that was not required under previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL
- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on expected credit loss model

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of the facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transaction to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from the date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financials assets and liabilities derecognised as a result of past transaction was obtained at the time of initially accounting for those transactions.

As permitted by Ind AS 101, the Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs except for share data)

C. Reconciliation of equity

Particulars	Note	As at 1 April 2016 (Transition date)			As at 31 March 2017		
		Previous GAAP*	Transition to Ind AS	Ind AS	Previous GAAP*	Transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		5,795.65	-	5,795.65	6,093.50	-	6,093.50
Capital work-in-progress		256.54	-	256.54	458.55	-	458.55
Other intangible assets		97.84	-	97.84	66.28	-	66.28
Financial assets					-		
- Investments	(a), (b), (c)	3,237.51	14.05	3,251.56	4,801.53	33.08	4,834.61
- Loans	(d),(e)	241.21	(39.89)	201.32	205.06	(34.87)	170.19
Current tax assets (net)		425.20	-	425.20	499.73	-	499.73
Other non-current assets	(d),(e),(h)	43.69	40.83	84.52	137.54	35.24	172.78
Total non-current assets		10,097.64	14.99	10,112.63	12,262.19	33.45	12,295.64
Current assets							
Inventories		2,113.65	-	2,113.65	2,101.57	-	2,101.57
Financial assets							
- Trade receivable		1,992.16	-	1,992.16	2,119.79	-	2,119.79
- Cash and cash equivalents		89.31	-	89.31	135.26	-	135.26
- Other bank balances		432.67	-	432.67	858.06	-	858.06
- Loans		126.53	-	126.53	153.39	-	153.39
- Other financial assets		116.79	-	116.79	97.93	-	97.93
Other current assets		603.71	-	603.71	540.06	-	540.06
Total current assets		5,474.82	-	5,474.82	6,006.06	-	6,006.06
Total assets		15,572.46	14.99	15,587.45	18,268.25	33.45	18,301.70

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs except for share data)

Particulars	Note	As at 1 April 2016 (Transition date)			As at 31 March 2017		
		Previous GAAP*	Transition to Ind AS	Ind AS	Previous GAAP*	Transition to Ind AS	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		1,017.20	-	1,017.20	1,092.67	-	1,092.67
Other equity		7,559.12	64.01	7,623.13	10,438.57	95.47	10,534.04
Total equity		8,576.32	64.01	8,640.33	11,531.24	95.47	11,626.71
Liabilities							
Non-current liabilities							
Financial liabilities							
- Borrowings	(h)	1,854.96	(10.20)	1,844.76	2,187.17	(9.72)	2,177.45
- Other financial liabilities	(i)	74.03	(67.26)	6.77	100.51	(84.20)	16.31
Provisions		281.80	-	281.80	158.41	-	158.41
Deferred tax liabilities (net)	(i)	380.03	23.28	403.31	427.30	29.14	456.44
Total non-current liabilities		2,590.82	(54.18)	2,536.64	2,873.39	(64.78)	2,808.61
Current liabilities							
Financial liabilities							
- Borrowings		1,409.79	-	1,409.79	850.25	-	850.25
- Trade payables		988.35	-	988.35	1,003.21	-	1,003.21
- Other financial liabilities		1,728.94	-	1,728.94	1,752.24	-	1,752.24
Other current liabilities	(a)	162.71	5.16	167.87	123.96	2.76	126.72
Provisions		61.32	-	61.32	82.50	-	82.50
Current tax liabilities (net)		54.21	-	54.21	51.46	-	51.46
Total current liabilities		4,405.32	5.16	4,410.48	3,863.62	2.76	3,866.38
Total liabilities		6,996.14	(49.02)	6,947.12	6,737.01	(62.02)	6,674.99
Total equity and liabilities		15,572.46	14.99	15,587.45	18,268.25	33.45	18,301.70

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

D. Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Note	Year ended 31 March 2017		
		Previous GAAP*	Transition to Ind AS	Ind AS
Revenue from operations	(j)	12,541.24	520.10	13,061.34
Other income	(a), (b), (e)	242.74	29.63	272.37
Total Income		12,783.98	549.73	13,333.71
Expenses				
Cost of materials consumed		2,928.50	-	2,928.50
Excise duty on sales	(j)	-	520.10	520.10
Changes in inventories of finished goods and work in progress		(58.51)	-	(58.51)
Employee benefits expense	(f),(k)	3,949.79	(6.87)	3,942.92
Finance costs		551.57	-	551.57
Depreciation and amortisation expense		725.14	-	725.14
Other expenses	(c), (d), (h), (i)	3,576.42	(7.69)	3,568.73
Total Expenses		11,672.91	505.54	12,178.45
Profit before income tax		1,111.07	44.19	1,155.26
Income tax expense:				
Current tax		343.90	-	343.90
Taxes for earlier years		5.16	-	5.16
Deferred tax	(i)	47.26	7.28	54.54
Profit for the year		714.75	36.91	751.66
Other comprehensive income/(expense)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of defined benefit liability (asset)	(k)	-	(4.11)	(4.11)
<i>Income tax relating to items that will not be reclassified to profit or loss</i>				
Income tax on remeasurement of defined benefit liability (asset)	(k)	-	1.42	1.42
Other comprehensive income/(expense) for the year		-	(2.69)	(2.69)
Total comprehensive income for the year		714.75	34.22	748.97

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

E. Adjustments to Cash Flow Statement

Other than effect of certain reclassifications due to difference in presentation, there was no other material effect of cash flow from operating, financing, investing activities for all periods presented.

Notes to reconciliation:

(a) Investments in equity shares of Subsidiary companies

Under the previous GAAP, Financial guarantees given by the Company for securing loan taken by subsidiaries were to be disclosed as an off balance sheet item. Under Ind AS, these guarantees are required to be measured at fair value.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease)	
	Year ended 31 March 2017	
Other income: Dividend income		2.40
Adjustment before income tax - Profit / (loss)		2.40
Balance sheet	As at 31 March 2017	As at 1 April 2016
Asset: Investments (Non-current)	14.52	14.52
Liabilities: Deferred income	(2.76)	(5.16)
Adjustment to retained earnings	11.76	9.36

(b) Dividend on redeemable preference shares

Under the previous GAAP, the dividend from investment in 12% cumulative redeemable preference shares was to be recognised as and when received. Under Ind AS, such dividend is to be recognised as deemed equity investment even if not received by the Company. As at the date of transition, the deemed equity investment has been recognised after adjustment against retained earnings.

Statement of Profit and Loss	Increase/ (decrease)	
	Year ended 31 March 2017	
Other income: Dividend income		21.65
Adjustment before income tax - Profit / (loss)		21.65
Balance sheet	As at 31 March 2017	As at 1 April 2016
Asset: Investments (Non-current)	21.65	-
Adjustment to retained earnings	21.65	-

(c) Investment in equity shares of other companies

Under Previous GAAP, the investments in equity shares of other companies were measured at cost or market value, whichever is lower. Under Ind AS, the Company has designated these investments at fair value through profit or loss (FVTPL). Accordingly, these investments are required to be measured at fair value. The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease)	
	Year ended 31 March 2017	
Net change in fair value of financial assets (at FVTPL)		(2.62)
Adjustment before income tax - Profit / (loss)		(2.62)
Balance sheet	As at 31 March 2017	As at 1 April 2016
Asset: Investments (Non-current)	(3.09)	(0.47)
Adjustment to retained earnings	(3.09)	(0.47)

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

(d) Loans to employees

Under the previous GAAP, loans to employees are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued the loans to employees under Ind AS.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease)	
	Year ended	
	31 March 2017	
Other expenses: Net change in fair value of financial assets (at FVTPL)		-
Adjustment before income tax - Profit / (loss)		-
Balance sheet	As at	As at
	31 March 2017	1 April 2016
Asset: Loans	(12.80)	(12.24)
Asset: Prepaid expense (other non-current assets)	14.68	14.12
Adjustment to retained earnings	1.88	1.88

(e) Security deposit

Under the previous GAAP, interest free security deposits are recorded at their transaction value. On transition to Ind AS, these security deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expenses uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease)	
	Year ended	
	31 March 2017	
Other income: Interest income from financial assets at amortised cost		5.58
Other expenses: Rent expense		(6.71)
Adjustment before income tax - Profit / (loss)		(1.13)
Balance sheet	As at	As at
	31 March 2017	1 April 2016
Asset: Loans	(22.08)	(27.65)
Asset: Prepaid expense (other non-current assets)	20.95	27.65
Adjustment to retained earnings	(1.13)	-

(f) Employee stock options outstanding reserve

Under the previous GAAP, the cost of equity-settled employee share based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share based plan is recognised based on the fair value of the options as at the grant date.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

The impact arising from the change is as follows:

	<u>Increase/ (decrease)</u>	
	Year ended	
Statement of Profit and Loss	31 March 2017	
Employee benefit expense		(2.76)
Adjustment before income tax - Profit / (loss)		(2.76)
Balance sheet	As at	As at
	31 March 2017	1 April 2016
Equity: Other equity (Share based payment reserve)	20.90	18.14
Adjustment to retained earnings	(20.90)	(18.14)

(g) Government grant

Under previous GAAP, the government grants relating to property, plant and equipment were recognised as capital reserve. Under Ind AS, such grants are recognised as deferred income and credited to Statement of Profit and Loss on a systematic basis over the useful life of asset. As at the date of transition, such grants have been adjusted against retained earnings. This has not resulted in any change in the total equity as at 31 March 2016 and 31 March 2017.

The impact arising from the change is as follows:

Balance sheet	As at	As at
	31 March 2017	1 April 2016
Equity: Other equity (Investment subsidy)	(55.00)	(55.00)
Adjustment to retained earnings	55.00	55.00

(h) Borrowings

Under Previous GAAP, the transaction costs incurred towards origination of borrowings were charged to Statement of Profit and Loss as and when incurred. Under Ind AS, these transaction costs are to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the Statement of Profit and Loss over the tenure of the borrowing by applying the effective interest rate method.

The impact arising from the change is as follows:

	<u>Increase/ (decrease)</u>	
	Year ended	
Statement of Profit and Loss	31 March 2017	
Other expenses		0.08
Adjustment before income tax - Profit / (loss)		0.08
Balance sheet	As at	As at
	31 March 2017	1 April 2016
Asset: Other non-current assets (prepaid expense)	(0.38)	(0.94)
Liabilities: Non-current Borrowings	(9.72)	(10.20)
Adjustment to retained earnings	9.34	9.26

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

(i) *Reversal of lease equalisation reserve*

Under Previous GAAP, lease rentals on operating leases were required to be recognised as expense on straight line basis over the lease term by recognising corresponding lease equalisation reserve. Under Ind AS, there is no such requirement unless specific circumstances as specified under Ind AS.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease)	
	Year ended	
	31 March 2017	
Other expenses: Rent expense		16.94
Income-tax expense: Deferred tax charge/(credit)		(5.86)
Adjustment before income tax - Profit / (loss)		11.08

Balance sheet	As at	As at
	31 March 2017	1 April 2016
Liabilities: Deferred lease rental	84.20	67.26
Liabilities: Deferred tax liabilities (net)	(29.14)	(23.28)
Adjustment to retained earnings	55.06	43.98

(j) *Excise duty on sales*

Under Previous GAAP, revenue from sale of goods was presented net of excise duty. Under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease)	
	Year ended	
	31 March 2017	
Revenue from operations		(520.10)
Excise duty		520.10
Adjustment before income tax - Profit / (loss)		-

(k) *Defined Benefit Plans*

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets on the net defined benefit obligation are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, actuarial loss (net of tax) amounting to Rs. 2.69 (net of tax) has been recognised in other comprehensive income instead of profit or loss. There is no impact on the total equity as at 1 April 2016 and 31 March 2017.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

F. Total equity reconciliation

	Note	As at 31 March 2017	As at 1 April 2016
Reported earlier under Previous GAAP		11,531.24	8,576.32
Investment		30.32	8.89
Loan to employees		1.88	1.88
Security deposit		(1.13)	-
Borrowings		9.34	9.26
Reversal of lease equalisation reserve		84.20	67.26
Deferred tax liabilities (net)		(29.14)	(23.28)
		11,626.71	8,640.33

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

35 Financial instruments - Fair values and risk management
A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities including their level in the fair value hierarchy:

	Note	Level of hierarchy	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets											
Non-current											
Investments:											
Investment in equity shares - subsidiary companies, associates and Joint ventures	(i)	3	-	-	6,557.30	-	-	4,182.88	-	-	2,961.24
Investment in equity shares - other companies	(ii)	3	48.66	-	-	48.66	-	-	51.28	-	-
Investment in preference shares	(iii)	3	-	-	153.07	-	-	603.07	-	-	239.04
Loans	(iii)	3	-	-	168.92	-	-	170.19	-	-	201.32
Current											
Trade receivable	(iv)	3	-	-	2,856.17	-	-	2,119.79	-	-	1,992.16
Cash and cash equivalents	(iv)	3	-	-	180.15	-	-	135.26	-	-	89.31
Other bank balances	(iv)	3	-	-	672.96	-	-	858.06	-	-	432.67
Loans	(iv)	3	-	-	177.38	-	-	153.39	-	-	126.53
Other financial assets	(iv)	3	-	-	85.89	-	-	97.93	-	-	116.79
Total financial assets			48.66	-	10,851.84	48.66	-	8,320.57	51.28	-	6,159.06
Financial liabilities											
Non-current											
Borrowings	(v)	3	-	-	3,338.19	-	-	2,177.45	-	-	1,844.76
Other financial liabilities	(iv)	3	-	-	12.46	-	-	16.31	-	-	6.77
Current											
Borrowings	(v)	3	-	-	2,255.42	-	-	850.25	-	-	1,409.79
Trade payables	(iv)	3	-	-	1,499.78	-	-	1,003.21	-	-	988.35
Other financial liabilities	(iv)	3	-	-	2,358.14	-	-	1,752.24	-	-	1,728.94
Total financial liabilities			-	-	9,463.99	-	-	5,799.46	-	-	5,978.61

Note:

- (i) The investments in subsidiary companies, associates and joint ventures are measured at cost less impairment losses.
- (ii) The fair value in respect of the unquoted equity investments cannot be reliably estimated. The Company has currently measured them at net book value as per the latest audited financial statements available.
- (iii) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- (iv) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (v) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

Particulars	Level	Fair value			Amortised cost		
		As at	As at	As at	As at	As at	As at
		31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
Non-current borrowings (including current maturities)	3	4,200.58	3,081.69	2,831.89	4,342.26	3,124.97	2,912.68

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2018 and 31 March 2017.

Reconciliation of Level 3 fair value measurement:

	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance	48.66	51.28
Gain/ (loss) recognized in Statement of profit and loss	-	(2.62)
Closing balance	48.66	48.66

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

B. Financial risk management

(i) Risk Management framework

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

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

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (ii))
- liquidity risk (see (iii))
- market risk (see (iv))

(ii) Credit Risk

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Investments	6,759.03	4,834.61	3,251.56
Trade receivables	2,856.17	2,119.79	1,992.16
Loans	346.30	323.58	327.85
Cash and cash equivalents	180.15	135.26	89.31
Other bank balances	672.96	858.06	432.67
Other financial assets	85.89	97.93	116.79
	10,900.50	8,369.23	6,210.34

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

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018
 (All amounts are in Indian Rupees Lakhs except for share data)

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Within India	1,380.13	1,047.63	923.56
Outside India	1,476.04	1,072.16	1,068.60
	2,856.17	2,119.79	1,992.16

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from top customer	2,157.10	2,051.36
Revenue from top five customers	6,611.00	6,278.00

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

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

Particulars	Gross Carrying amount	Loss allowance	Carrying amount
31 March 2018			
Less than 6 Months	2,752.69	-	2,752.69
More than 6 Months	110.28	6.80	103.48
	2,862.97	6.80	2,856.17
31 March 2017			
Less than 6 Months	2,107.20	-	2,107.20
More than 6 Months	21.38	8.79	12.59
	2,128.58	8.79	2,119.79
1 April 2016			
Less than 6 Months	1,963.64	-	1,963.64
More than 6 Months	37.61	9.09	28.52
	2,001.25	9.09	1,992.16

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

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	8.79	9.09
Amounts written off	(2.09)	(1.61)
Impairment loss recognised	0.10	1.31
Balance as at the end of the year	6.80	8.79

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. Investments mainly include investments made by the Company in its subsidiary companies and associates. The loans primarily represents security deposits given and loans given to employees and related parties. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for expected credit loss has been provided on these financial assets. Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

(iii) Liquidity Risk

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

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

The following table provides details regarding the contractual maturities of significant financial liabilities:

	Less than 1 Year	1 to 2 Years	2 to 5 Years	Total
31 March 2018				
Borrowings (including current maturities)	2,255.42	1,004.07	3,342.70	6,602.19
Trade payables	1,499.78	-	-	1,499.78
Other financial liabilities	2,358.14	-	-	2,358.14
	6,113.34	1,004.07	3,342.70	10,460.11
31 March 2017				
Borrowings (including current maturities)	850.25	947.52	2,167.73	3,965.20
Trade payables	1,003.21	-	-	1,003.21
Other financial liabilities	1,752.24	-	-	1,752.24
	3,605.70	947.52	2,167.73	6,720.95
1 April 2016				
Borrowings (including current maturities)	1,409.79	1,067.92	1,834.56	4,312.27
Trade payables	988.35	-	-	988.35
Other financial liabilities	1,728.94	-	-	1,728.94
	4,127.08	1,067.92	1,834.56	7,029.56

(iv) Market Risk

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

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

(i) Interest rate risk

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

Exposure to interest rate risk

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

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Fixed rate borrowings	5,150.57	3,717.78	3,219.70
Floating rate borrowings	1,451.62	247.72	1,092.57
Total borrowings (gross of transaction cost)	6,602.19	3,965.50	4,312.27

Interest rate sensitivity analysis

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

	Profit or Loss	
	Strengthening	Weakening
For the year ended 31 March 2018		
Interest rate (0.5% movement)	(7.26)	7.26
For the year ended 31 March 2017		
Interest rate (0.5% movement)	(1.24)	1.24

(ii) Foreign currency risk

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

Unhedged foreign currency exposure

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018
 (All amounts are in Indian Rupees Lakhs except for share data)

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

Assets	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Trade receivables						
HKD	7.77	0.95	5.38	0.65	4.00	0.47
USD	132.43	2.08	151.12	2.31	120.24	1.83
EUR	119.85	1.69	15.77	0.22	15.98	0.22
CHF	1,215.78	17.94	968.03	14.82	926.14	13.69
GBP	0.82	0.01	-	-	0.50	0.01
Liabilities	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Borrowings						
USD	379.82	5.73	273.81	4.21	213.21	3.21
Trade payables						
HKD	13.67	1.64	23.65	2.81	31.61	3.68
USD	26.08	0.40	32.71	0.50	30.79	0.46
EUR	38.24	0.48	9.43	0.14	10.02	0.13
CHF	282.15	4.08	161.49	2.47	344.85	5.00
JPY	-	-	8.58	2.53	0.75	1.27
GBP	0.95	0.01	-	-	-	-
SGD	4.07	0.08	-	-	-	-
Net exposure in respect of recognised assets and liabilities	731.67		630.63		435.63	
Significant forward contracts outstanding as at the end of the year						
	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency	Amount (Rs)	Amount in foreign currency
Imports						
CHF	-	-	-	-	424.75	6.00
Exports						
CHF	-	-	-	-	-	-

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2018 and 31 March 2017 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
HKD (1% movement)	0.59	(0.59)	(0.39)	0.39
USD (1% movement)	27.35	(27.35)	(17.88)	17.88
EUR (1% movement)	(8.16)	8.16	5.34	(5.34)
CHF (1% movement)	(93.36)	93.36	61.05	(61.05)
GBP (1% movement)	0.13	(0.13)	(0.08)	0.08
SGD (1% movement)	4.07	(4.07)	(2.66)	2.66
31 March 2017				
HKD (1% movement)	2.62	(2.62)	(1.72)	1.72
USD (1% movement)	9.29	(9.29)	(6.07)	6.07
EUR (1% movement)	(0.58)	0.58	0.38	(0.38)
CHF (1% movement)	(62.32)	62.32	40.75	(40.75)
JPY (1% movement)	0.08	(0.08)	(0.05)	0.05
SEK (1% movement)	-	-	-	-

36 Capital Management

(i) Risk management

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

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total liabilities	10,744.56	6,674.99	6,947.12
Less: cash and cash equivalents and other bank balances	853.11	993.32	521.98
Adjusted net debt	9,891.45	5,681.67	6,425.14
Total equity	13,032.78	11,626.71	8,640.33
Net debt to total equity ratio	0.76	0.49	0.74

(ii) Dividends

	Year ended 31 March 2018	Year ended 31 March 2017
Equity shares		
Final dividend for the year ended 31 March 2017 of Rs. 1.50 (31 March 2016 of Rs. 1.50) per fully paid equity shares	195.71	151.28
Dividend not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 2.50 (31 March 2017: Rs. 1.50) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	330.10	195.71

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
37 Contingent liabilities and commitments: <i>(to the extent not provided for)</i>			
(i) Claims against the Company not acknowledged as debts, under dispute			
- Bank guarantees issued in favour of subsidiary	6,269.65	5,649.17	6,174.57
- Demand raised for service tax against which appeals have been filed	84.48	47.95	18.35
- Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs. 3.73 (31 March 2017: Rs. 3.73, 1 April 2016: Rs. 3.73)	3.73	3.73	3.73
- Demand raised for Income tax (assessment year 2004-05 to assessment year 2012-13)	267.75	367.87	909.57
- Claims against the company filed by employees not acknowledged as debt (to the extent ascertainable)	170.16	87.59	85.55
- Custom duty saved against EPCG Licenses, pending redemption	192.02	153.72	153.72
	<u>6,987.79</u>	<u>6,310.03</u>	<u>7,345.49</u>
(ii) Commitments			
- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	326.14	684.93	3.70
- Amount payable under non-cancellable leases	952.78	1,179.82	292.10
	<u>1,278.92</u>	<u>1,864.75</u>	<u>295.80</u>
(iii) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.			

38 Employee benefits

A. Assets and liabilities relating to employee benefits	Non-Current			Current		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Liability for gratuity	-	-	140.95	28.51	48.50	37.00
Liability for compensated absences	172.29	145.86	132.00	44.85	30.42	22.17
	<u>172.29</u>	<u>145.86</u>	<u>272.95</u>	<u>73.36</u>	<u>78.92</u>	<u>59.17</u>

For details about the related employee benefit expenses, refer to note no. 28.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018
(All amounts are in Indian Rupees Lakhs except for share data)

B. Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

(i) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Company does not expect any significant liquidity risks.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
(ii) Reconciliation of present value of defined benefit obligation			
Present value of obligation at the beginning of the year	488.41	461.78	420.78
Current Service cost	46.81	33.85	32.79
Interest cost	39.07	36.94	33.58
Benefits paid	(31.13)	(48.72)	(52.45)
Actuarial (gains) losses recognised in other comprehensive income			
- experience adjustments	88.70	4.56	27.08
Present value of obligation at the end of the year	631.86	488.41	461.78

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
(iii) Reconciliation of the present value of plan assets			
Plan assets at the beginning of the year, at fair value	439.90	283.83	227.26
Return on plan assets recognised in other comprehensive income	35.20	22.71	19.30
Contributions	112.89	181.65	89.72
Benefits paid	(31.13)	(48.72)	(52.45)
Expenses deducted from the fund	-	-	-
Interest income	46.49	0.44	-
Plan assets at the end of the year, at fair value	<u>603.35</u>	<u>439.91</u>	<u>283.83</u>
(iv) Amount recognized in the balance sheet			
Present value of the defined benefit obligations at the end of the year	631.86	488.41	461.78
Fair value of plan assets at the end of the year	603.35	439.91	283.83
Net liability recognized in the balance sheet*	<u>28.51</u>	<u>48.50</u>	<u>177.95</u>
* Shown under the head "Provision for employee benefits"			
(v) Plan assets			
Plan assets comprise of the following:			
Policy of insurance	603.35	439.91	283.83
	<u>603.35</u>	<u>439.91</u>	<u>283.83</u>

(vi) Amount recognized in the Statement of Profit and Loss

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	46.81	33.85
Interest cost (net)	3.88	14.24
Amount recognized in the Statement of profit and loss	<u>50.69</u>	<u>48.09</u>
(vii) Remeasurements recognised in other comprehensive income		
Actuarial gain/loss on the defined benefit obligation	88.70	4.56
Return on plan assets excluding interest income	(46.49)	(0.45)
Amount recognized in other comprehensive income	<u>42.21</u>	<u>4.11</u>

(viii) Actuarial assumptions

- a) **Economic assumptions:** The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Discount rate (per annum)	8.00%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%	8.00%
Salary increase (per annum)	5.00%	5.00%	5.00%
Expected average remaining working lives of employees (years)	7.50	7.55	7.67

(b) Demographic assumptions:

Retirement age	58 years	58 years	58 years
Mortality	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)
Attrition rate	Ultimate	Ultimate	Ultimate
Upto 30 years	3%	3%	3%
31 to 44 years	2%	2%	2%
44 and above	1%	1%	1%

(ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 march 2018		As at 31 march 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	35.09	(39.08)	45.97	(53.97)
Future salary growth (1% movement)	(39.77)	36.32	(54.28)	47.15

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

(X) Expected future benefit payments

The expected maturity analysis of undiscounted defined benefit liability is as follows:

	As at 31 March 2018	As at 31 March 2017
Within 1 year	102.83	138.05
1-2 years	124.09	128.63
2-5 years	350.52	370.41
Over 5 years	1,737.04	1,860.24

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Particulars	As at 31 March 2018	As at 31 March 2017
(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan		
Weighted average duration (in years)	5.87	10.23
Expected Employers contribution for the next year	133.33	172.00

C. Defined Contribution Plan

The Company makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes. The expense recognised towards contribution of these plans is as follows:

Provident fund	160.05	135.99
Superannuation fund	8.51	18.11
Employees' state insurance scheme	62.33	43.94
Pension fund	50.49	48.83
	<u>281.38</u>	<u>246.87</u>

D. Share based payments

The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company planned to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company. The outstanding options as at 31 March 2018 are 21,000 (31 March 2017: 21,000, 1 April 2016: 24,750).

Fifty percent of the options which have been granted under ESOP 2011 were vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the previous years to the eligible employees. The balance options shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs. 15,000.00 ('second tranche'). The exercise period for the options is within six months from the date of vesting of the options. Each option is exercisable for one equity share of Rs 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

	As at 31 March 2018		As at 31 March 2017	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Outstanding at beginning of the year	21,000	120	24,750	120
Forfeited during the period	-	-	(3,750)	120
Exercised during the period	-	-	-	-
Outstanding at end of the year	21,000	120	21,000	120

(ii) Expense recognised in statement of profit and loss

The expenses arising from share-based payment transaction recognised in statement of profit and loss as part of employee benefit expense / (income) for the year ended 31 March 2018 and 31 March 2017, were Rs. Nil and Rs. (2.76) respectively on account of expiry of share options on resignation by certain employees.

(iii) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair

	Year ended 31 March 2018	Year ended 31 March 2017
Fair value at grant date	61.05	61.05
Share price at grant date	133.90	133.90
Exercise Price	120.00	120.00
Risk Free interest rate (in %)	8.50%	8.50%
Expected life (in months)	88	88
Expected volatility (in %)*	66.49%	66.49%
Expected dividend Yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

39 Related parties:
a) Related parties and nature of relationship where control exists:

Name of party	Description of relationship
Pylania SA	Subsidiary
Kamla International Holdings SA	Subsidiary
Ethos Limited	Subsidiary
Mahen Distribution Limited	Subsidiary
Satva Jewellery and Design Limited*	Subsidiary
Cognition Digital LLP	Subsidiary of Ethos Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

(b) List of related parties with whom transactions have taken place during the year

Kamla Tesio Dials Limited	Associate
Cadrafyn GmbH	Associate of Kamla International Holdings SA

(c) Key managerial personnel (KMP) of the Company, their close family members and related entities**(i) Names of KMP**

- Mr. R.K. Saboo (Chairman)
(Chairman till 30 November 2016)

- Mr. Yashovardhan Saboo (Chairman and Managing Director)

- Mr. Sanjeev Kumar Masown
(Chief Financial Officer and Whole Time Director)

- Mr. Dinesh Agarawal (Chief Operating Officer till 31 March 2016)

Names of their close family members**

Mrs. Usha Devi Saboo (spouse),
Mr. Yashovardhan Saboo (son)
Mrs. Asha Devi Saboo (brother's spouse)

Mr. R.K. Saboo (father),
Mrs. Anuradha Saboo (spouse)
Mr. Pranav Shankar Saboo (Son),
Mrs. Malvika Singh (son's spouse)
Ms. Satvika Saboo (daughter)

Mrs. Neeraj Masown (spouse),
Mr. Lal Chand Masown (father)

Mrs. Shashi Agarwal (spouse)

(ii) Related entities of KMP

- Vardhan Properties & Investments Limited
- Saboo Coatings Private Limited
- VBL Innovations Private Limited
- Dream Digital Technology Limited
- KDDL Ethos Foundation
- Saboo Ventures LLP
- Tara Chand Mahendra Kumar HUF

(iii) Independent Directors

- Mr. Anil Khanna
- Mr. Jagesh Khaitan
- Ms. Ranjana Agarwal
- Mr. Praveen Gupta
- Mr. Vishal Satinder Sood
- Mr. Jai Vardhan Saboo
- Mr. Sanjiv Sachar

*Satva Jewellery and Design Limited ('Satva') ceased to be joint venture of the Company and became wholly owned subsidiary of KDDL Limited pursuant to purchase of remaining shares of the other venturer in the joint venture vide agreement dated 23 December 2016. Accordingly, transactions during the year with Satva upto 23 December 2016 have been disclosed as transactions with joint venture and transactions incurred after 23 December 2016 have been disclosed as transactions with subsidiary company.

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

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs except for share data)

c) Related party transactions

Year ended 31 March 2018

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Purchase of raw material and components						
Pylania SA	14.29	-	-	-	-	-
Ethos Limited	10.04	-	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	5.40	-
2 Sale of goods and services						
Pylania SA	252.86	-	-	-	-	-
Ethos Limited	6.24	-	-	-	-	-
3 Purchase of fixed assets						
Pylania SA	42.84	-	-	-	-	-
4 Sale of fixed assets						
Pylania SA	11.99	-	-	-	-	-
Saboo Ventures LLP	-	-	-	-	173.04	-
5 Job work charges paid						
Pylania SA	21.76	-	-	-	-	-
6 Rent paid by the Company						
Mr. Yashovardhan Saboo	-	-	-	28.64	-	-
Mrs. Anuradha Saboo	-	-	-	-	-	15.00
Kamla Tesio Dials Limited	-	6.00	-	-	-	-
Satva Jewellery & Design Limited	6.00	-	-	-	-	-
Ethos Limited	17.70	-	-	-	-	-
7 Salary of employees recovered						
Ethos Limited	1.62	-	-	-	-	-
8 Compensation to key managerial personnel						
Short-term employee benefits						
Mr. Yashovardhan Saboo	-	-	-	124.01	-	-
Mr. Sanjeev Kumar Masown	-	-	-	64.25	-	-
Post-employment benefits						
Mr. Yashovardhan Saboo	-	-	-	20.00	-	-
Mr. Sanjeev Kumar Masown	-	-	-	5.09	-	-
Long term employee benefits						
Mr. Yashovardhan Saboo	-	-	-	18.00	-	-
Mr. Sanjeev Kumar Masown	-	-	-	3.80	-	-
9 Interest income						
Vardhan Properties and Investment Limited	-	-	-	-	11.34	-
Satva Jewellery & Design Limited	14.50	-	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	-	2.32	-	-

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
10 Interest paid/ accrued						
Vardhan Properties and Investment Limited	-	-	-	-	4.25	-
Mrs. Asha Devi Saboo	-	-	-	-	-	1.14
Mr. Sanjeev Kumar Masown	-	-	-	2.61	-	-
Mrs. Neeraj Masown	-	-	-	-	-	2.01
Mr. Lal Chand Masown	-	-	-	-	-	0.58
Dream Digital Technology Limited	-	-	-	-	4.02	-
Mr. Anil Khanna	-	-	-	5.12	-	-
Mrs. Alka Khanna	-	-	-	-	-	2.87
Ms. Ranjana Agarwal	-	-	-	7.40	-	-
11 Guarantee charges received						
Pylania SA	12.77	-	-	-	-	-
12 Deposits from shareholders accepted						
Dream Digital Technology Limited	-	-	-	-	-	4.23
Mr. Sanjeev Kumar Masown	-	-	-	20.00	-	-
Vardhan Properties and Investment Limited	-	-	-	-	17.00	-
Mrs. Asha Devi Saboo	-	-	-	-	-	10.00
Mrs. Alka Khanna	-	-	-	-	-	1.00
12 Rent received						
Ethos Limited	13.26	-	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	6.75	-
Dream Digital Technology Limited	-	-	-	-	0.20	-
13 Inter corporate deposit repaid to the Company						
Vardhan Properties and Investment Limited	-	-	-	-	500.00	-
14 Repayment of loans given by the Company						
Mr. Sanjeev Kumar Masown	-	-	-	6.25	-	-
15 Reimbursement of expenses paid by the Company						
Pylania SA	123.88	-	-	-	-	-
Ethos Limited	5.73	-	-	-	-	-
Dream Digital Technology Limited	-	-	-	-	1.05	-
16 Management consultancy fees paid						
Dream Digital Technology Limited	-	-	-	-	21.00	-
Mr. R.K. Saboo	-	-	-	-	-	18.00
17 Reimbursement of expenses received by the Company						
Kamla Tesio Dials Limited	-	0.02	-	-	-	-
Ethos Limited	6.77	-	-	-	-	-
Satva Jewellery & Design Limited	2.74	-	-	-	-	-
Dream Digital Technology Limited	-	-	-	-	0.47	-
18 Investments made						
Ethos Limited	2,250.58	-	-	-	-	-
19 Preference Share Redemption received						
Ethos Limited	300.00	-	-	-	-	-
20 Inter Corporate Deposit Received						
Dream Digital Technology Limited	-	-	-	-	100.00	-
21 Inter Corporate Deposit Given						
Vardhan Properties and Investment Limited	-	-	-	-	500.00	-

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
22 CSR contribution made						
KDDL Ethos Foundation	-	-	-	-	15.50	-
23 Dividend paid						
Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	-	-	1.05	-
Mr. R.K. Saboo	-	-	-	-	-	29.72
Mr. Yashovardhan Saboo	-	-	-	22.64	-	-
Mrs. Usha Saboo	-	-	-	-	-	6.77
Mrs. Anuradha Saboo	-	-	-	-	-	5.76
Mr. Pranav S Saboo	-	-	-	-	-	3.22
Others	-	-	-	-	0.97	-
Ms. Satvika Saboo	-	-	-	-	-	2.04
Vardhan Properties and Investment Limited	-	-	-	-	0.24	-
Mrs. Asha Devi Saboo	-	-	-	-	-	0.46
Mr. Jagesh Khaitan	-	-	-	0.01	-	-
Mr. Sanjiv Sachar	-	-	-	0.02	-	-
Mr. Sanjeev Kumar Masown	-	-	-	0.03	-	-
Mr. Anil Khanna	-	-	-	0.06	-	-
Mrs. Alka Khanna	-	-	-	-	-	0.00
24 Director Sitting Fee						
Mr. Jagesh Khaitan	-	-	-	1.40	-	-
Mr. Anil Khanna	-	-	-	1.25	-	-
Ms. Ranjana Agarwal	-	-	-	0.95	-	-
Mr. Praveen Gupta	-	-	-	0.80	-	-
Mr. Sanjiv Sachar	-	-	-	0.85	-	-
Mr. Jai Vardhan Saboo	-	-	-	0.15	-	-
25 Security deposit refunded						
Saboo Coatings Private Limited	-	-	-	-	9.54	-

Year ended 31 March 2017

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Purchase of raw material and components						
Pylania SA	32.65	-	-	-	-	-
Ethos Limited	4.79	-	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	26.55	-
2 Sale of goods and services						
Pylania SA	51.45	-	-	-	-	-
Ethos Limited	6.12	-	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	0.10	-
3 Purchase of fixed assets						
Ethos Limited	5.51	-	-	-	-	-
4 Sale of fixed assets						
Pylania SA	15.84	-	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	0.36	-
5 Job work charges paid						
Pylania SA	7.35	-	-	-	-	-

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
6 Rent paid by the Company						
Saboo Coatings Private Limited	-	-	-	-	7.68	-
Mr. R.K. Saboo	-	-	-	4.00	-	2.00
Mr. Yashovardhan Saboo	-	-	-	20.84	-	-
Mrs. Anuradha Saboo	-	-	-	-	-	3.00
Mrs. Usha Saboo	-	-	-	-	-	1.20
Satva Jewellery & Design Limited	1.50	-	4.50	-	-	-
7 Salary of employees recovered						
Ethos Limited	1.33	-	-	-	-	-
8 Salary of employees paid						
Saboo Coatings Private Limited	-	-	-	-	1.10	-
9 Directors remuneration						
Short-term employee benefits						
Mr. R.K. Saboo	-	-	-	29.89	-	-
Mr. Yashovardhan Saboo	-	-	-	74.17	-	-
Mr. Sanjeev Kumar Masown	-	-	-	46.44	-	-
Post-employment benefits						
Mr. Yashovardhan Saboo	-	-	-	10.00	-	-
Mr. Sanjeev Kumar Masown	-	-	-	3.43	-	-
Long term employee benefits						
Mr. Yashovardhan Saboo	-	-	-	7.26	-	-
Mr. Sanjeev Kumar Masown	-	-	-	2.31	-	-
10 Interest received						
Satva Jewellery & Design Limited	1.50	-	4.50	-	-	-
11 Interest paid/ accrued						
Vardhan Properties and Investment Limited	-	-	-	-	2.93	-
Mr. Sanjeev Kumar Masown	-	-	-	0.43	-	-
Mrs. Neeraj Masown	-	-	-	-	-	1.05
Mr. Lal Chand Masown	-	-	-	-	-	0.51
Mrs. Asha Devi Saboo	-	-	-	-	-	1.25
12 Guarantee charges received						
Pylania SA	2.05	-	-	-	-	-
13 Deposits from shareholders accepted						
Mrs. Neeraj Masown	-	-	-	-	-	15.00
Mr. Sanjeev Kumar Masown	-	-	-	4.20	-	-
Mr. Lal Chand Masown	-	-	-	-	-	2.00
Vardhan Properties and Investment Limited	-	-	-	-	10.00	-
14 Repayment of deposits from shareholders						
Mr. Sanjeev Kumar Masown	-	-	-	2.00	-	-
15 Others including rent received						
Ethos Limited	30.92	-	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	7.60	-
Kamla Tesio Dials Limited	-	6.00	-	-	-	-

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Year ended 31 March 2017

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
16 Reimbursement of expenses paid by the Company						
Pylania SA	0.80	-	-	-	-	-
Ethos Limited	12.80	-	-	-	-	-
Dream Digital Technology Limited	-	-	-	-	1.65	-
Saboo Coatings Private Limited	-	-	-	-	2.28	-
Satva Jewellery & Design Limited	0.39	-	1.33	-	-	-
17 Management consultancy fees paid						
Dream Digital Technology Limited	-	-	-	-	19.80	-
Mr. R.K. Saboo	-	-	-	-	-	12.00
18 Expenses recovered						
Kamla Tesio Dials Limited	-	0.97	-	-	-	-
Ethos Limited	12.82	-	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	5.72	-
VBL Innovations Private Limited	-	-	-	-	1.95	-
Dream Digital Technology Limited	-	-	-	-	24.70	-
19 Investments made						
Mahen Distribution Limited	64.07	-	-	-	-	-
Ethos Limited	1,500.00	-	-	-	-	-
20 CSR contribution made						
KDDL Ethos Foundation	-	-	-	18.00	-	-
21 Security deposit received						
Saboo Coatings Private Limited	-	-	-	9.54	-	-
22 Investments made in equity shares						
Ethos Limited	1,221.64	-	-	-	-	-
23 Investments made in preference shares						
Ethos Limited	300.00	-	-	-	-	-
Mahen Distribution Limited	64.03	-	-	-	-	-

d) Balances due from/to the related parties

As at 31 March 2018

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Loans						
Satva Jewellery & Design Limited	103.94	-	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	-	36.24	-	-
2 Trade receivables						
Pylania SA	19.54	-	-	-	-	-
3 Other financial assets						
Ethos Limited	41.63	-	-	-	-	-
Satva Jewellery & Design Limited	22.48	-	-	-	-	-
4 Payables						
Kamla Tesio Dials Limited	-	5.96	-	-	-	-
Pylania SA	139.44	-	-	-	-	-
Dream Digital Technology Limited	-	-	-	-	20.34	-
5 Guarantees taken*						
Mr. R.K. Saboo	-	-	-	-	-	1,485.80
Mr. Yashovardhan Saboo	-	-	-	5,536.23	-	-

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs except for share data)

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
6 Security deposit taken						
Mr. Yashovardhan Saboo	-	-	-	2.00	-	-
7 Guarantees given						
Ethos Limited	5,969.31	-	-	-	-	-
Pylania SA	300.34	-	-	-	-	-
8 Deposits from shareholders						
Mrs. Asha Devi Saboo	-	-	-	-	-	10.00
Mr. Sanjeev Kumar Masown	-	-	-	24.20	-	-
Mr. Lal Chand Masown	-	-	-	-	-	3.89
Mrs. Neeraj Masown	-	-	-	-	-	16.23
Mr. Anil Khanna	-	-	-	40.00	-	-
Mrs. Alka Khanna	-	-	-	-	-	21.20
Ms. Ranjana Agarwal	-	-	-	50.00	-	-
Vardhan Properties and Investment Limited	-	-	-	-	35.00	-
9 Inter Corporate deposit taken						
Dream Digital Technology Limited	-	-	-	-	100.00	-
10 Security deposit received						
Ethos Limited	6.77	-	-	-	-	-
As at 31 March 2017						
	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Loans						
Satva Jewellery & Design Limited	103.94	-	-	-	-	-
Mr. Sanjeev Kumar Masown	-	-	-	42.23	-	-
2 Other financial assets						
Ethos Limited	63.29	-	-	-	-	-
Satva Jewellery & Design Limited	12.61	-	-	-	-	-
VBL Innovations Private Limited	-	-	-	-	0.19	-
3 Payables						
Kamla Tesio Dials Limited	-	15.84	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	9.84	-
Pylania SA	29.47	-	-	-	-	-
Dream Digital Technology Limited	-	-	-	-	6.18	-
4 Guarantees taken *						
Mr. R.K. Saboo	-	-	-	1,226.79	-	-
Mr. Yashovardhan Saboo	-	-	-	2,562.88	-	-

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs except for share data)

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
5 Security deposit taken						
Mr. Yashovardhan Saboo	-	-	-	2.00	-	-
6 Guarantees given						
Ethos Limited	5,473.64	-	-	-	-	-
Pylania SA	175.53	-	-	-	-	-
7 Deposits from shareholders						
Mr. Sanjeev Kumar Masown	-	-	-	4.20	-	-
Mr. Lal Chand Masown	-	-	-	-	-	3.89
Mrs. Neeraj Masown	-	-	-	-	-	15.00
Vardhan Properties and Investment Limited	-	-	-	-	25.00	-
8 Interest accrued but not due on borrowings						
Mr. Sanjeev Kumar Masown	-	-	-	0.28	-	-
Mr. Lal Chand Masown	-	-	-	-	-	0.53
Mrs. Neeraj Masown	-	-	-	-	-	1.49
9 Security deposit received						
Ethos Limited	6.77	-	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	9.54	-

As at 1 April 2016

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
1 Loans						
Satva Jewellery & Design Limited	-	-	103.94	-	-	-
Mr. Sanjeev Kumar Masown	-	-	-	35.70	-	-
2 Other financial assets						
Ethos Limited	79.67	-	-	-	-	-
Satva Jewellery & Design Limited	-	-	7.83	-	-	-
Vardhan Properties and Investment Limited	-	-	-	-	0.72	-
Mr. Dinesh Agarawal	-	-	-	8.00	-	-
3 Payables						
Pylania SA	62.10	-	-	-	-	-
Kamla Tesio Dials Limited	-	9.96	-	-	-	-
Saboo Coatings Private Limited	-	-	-	-	4.61	-
Dream Digital Technology Limited	-	-	-	-	8.37	-
4 Guarantees taken *						
Mr. R.K. Saboo	-	-	-	4,023.38	-	-
Mr. Yashovardhan Saboo	-	-	-	4,830.12	-	-
5 Security deposit taken						
Mr. Yashovardhan Saboo	-	-	-	2.00	-	-

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs except for share data)

	Subsidiaries	Associates	Joint Venture	Key Management Personnel (KMP)	Related entities of KMP	Other related parties
6 Guarantees given						
Ethos Limited [refer note 32(c)]	5,985.87	-	-	-	-	-
Pylania SA	188.70	-	-	-	-	-
7 Deposits from shareholders						
Vardhan Properties and Investment Limited	-	-	-	-	15.00	-
Mrs. Asha Devi Saboo	-	-	-	-	-	10.00
Mrs. Shashi Agarwal	-	-	-	-	-	4.00
8 Security deposit received						
Ethos Limited	6.77	-	-	-	-	-

* Guarantees taken by the Company includes personal guarantees of Mr. R.K.Saboo and Yashovardhan Saboo for working capital borrowings and term loans. The original sanctioned limits of working capital borrowings and term loans by the continuing banks has been disclosed above. However, at the reporting date, the sanctioned limits of working capital borrowings and the balance amount of term loans in respect of which personal guarantees have been given stands at Rs. 1,739.24 (31 March 2017: Rs. 806.08, 1 April 2016: Rs. 2,167.17) of Mr. R.K.Saboo and Rs. 3,397.66 (31 March 2017: Rs 2,442.17, 1 April 2016: Rs. 2,973.90) of Mr. Yashovardhan Saboo.

e) Terms and conditions of transactions with related parties

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

40 Operating segments

(a) Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chairman and Managing Director to make decisions about resources to be allocated to the segments and assess their performance.

The Company has three reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Company's Chairman and Managing Director reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Company's reportable segments:

Reportable segments	Operations
Precision and watch components	Manufacturing and distribution of dials, watch hands and precision components
Others	Manufacturing and distribution of packaging boxes

(b) Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Year ended 31 March 2018	Precision and watch components	Others	Total
Segment revenue:			
- External revenues	14,244.55	479.73	14,724.28
- Inter-segment revenue	-	-	-
Total segment revenue	14,244.55	479.73	14,724.28
Segment profit (loss) before income tax	2,631.41	(24.31)	2,607.10

KDDL Limited

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

Year ended 31 March 2018	Precision and watch components	Others	Total
Segment profit (loss) before income tax includes:			
- Interest expense	399.33	0.39	399.72
- Depreciation and amortisation	676.17	7.41	683.57
Segment assets	14,768.68	309.90	15,078.58
Segment assets include:			
- Capital expenditure during the year	2,495.42	102.17	2,597.59
Segment liabilities	2,777.05	81.28	2,858.33

Year ended 31 March 2017	Precision and watch components	Others	Total
Segment revenue:			
- External revenues	12,596.40	464.94	13,061.34
- Inter-segment revenue	-	-	-
Total segment revenue	12,596.40	464.94	13,061.34

Segment profit (loss) before income tax	2,053.08	35.16	2,088.24
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Segment profit (loss) before income tax includes:

- Interest expense	420.01	12.84	432.85
- Depreciation and amortisation	648.85	12.09	660.94

Segment assets	11,172.86	235.71	11,408.57
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Segment assets include:

- Capital expenditure during the year	1,112.29	-	1,112.29
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Segment liabilities	1,675.63	69.68	1,745.31
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(c) Reconciliations of information on reportable segments to Ind AS measures

	As at 31 March 2018	As at 31 March 2017
i. Revenues		
Total revenue for reportable segments	14,724.28	13,061.34
Elimination of inter-segment revenue	-	-
Unallocated revenue	-	-
Total revenue	14,724.28	13,061.34

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	As at 31 March 2018	As at 31 March 2017
ii. Profit before income tax		
Total profit before tax for reportable segments	2,607.10	2,088.24
Unallocated amounts:		
Corporate expenses	(607.16)	(932.98)
Consolidated profit before tax	1,999.94	1,155.26
iii. Assets		
Total assets for reportable segments	15,078.58	11,408.57
Unallocated amounts	8,698.76	6,893.14
Consolidated total assets	23,777.34	18,301.71
iv. Liabilities		
Total liabilities for reportable segments	2,858.33	1,745.31
Unallocated amounts	910.21	498.02
Consolidated total liabilities	3,768.54	2,243.33

v. Other material items

	Reportable segment total	Adjustments	Consolidated totals
Year ended 31 March 2018			
Interest expense	399.72	-	399.72
Depreciation and amortisation expense	683.57	56.60	740.17
Capital expenditure during the year	2,597.59	99.47	2,697.06
Year ended 31 March 2017			
Interest expense	432.85	-	432.85
Depreciation and amortisation expense	660.94	64.21	725.15
Capital expenditure during the year	1,112.29	133.86	1,246.15

(d) Major customer

Revenue from two customers of the Company's Precision and watch components segment is Rs. 3,910.36 (Year ended 31 March 2017: Rs. 3,857.42) which individually constitute more than 10 percent of the Company's total revenue.

41 Operating leases:

The Company has leased some of its premises and some of its fixed assets to a third party under a lease agreement that qualifies as an operating lease. The Company is a lessee under various cancellable and non-cancellable operating leases. The lease rental recognized in the Statement of Profit and Loss for the period in respect of the aforementioned leases is Rs. 156.84 (31 March 2017: Rs. 227.10, 1 April 2016: Rs. 229.94). Expected future

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

minimum lease payments in respect of non-cancellable operating leases are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 1 April 2016
Payable in less than one year	170.48	187.21	56.77
Payable between one and five years	736.26	811.06	230.90
Payable after more than five years	46.04	181.55	4.43

- 42** The specified bank notes (SBN) as defined under the notification issued by the Ministry of Finance, Department of Economic dated 08 November, 2016 are no longer in existence. Hence the Company has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2016. The disclosure of SBN made in the financial statements for 31 March 2017 is as follows:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	77.35	3.16	80.51
(+) Permitted receipts	-	20.13	20.13
(-) Permitted payments	-	(17.00)	(17.00)
(-) Amount deposited in Bank	(77.35)	-	(77.35)
Closing cash in hand as on 30 December 2016	-	6.29	6.29

*For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E) dated 8 November 2016.

- 43** The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

Notes to the Standalone Ind AS Financial Statements for the year ended 31 March 2018

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

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
44 Disclosures pursuant to Section 186 of the Companies Act, 2013:			
a) Loans and advances			
Loan to subsidiary (erstwhile joint venture): Satva Jewellery & Design Limited			
Balance as at the year end	103.94	103.94	103.94
Maximum amount outstanding at any time during the year	103.94	103.94	103.94
(Satva Jewellery & Design Limited has utilised the loan for meeting working capital requirements)			
b) Investment *			
Investment in subsidiary: Pylania SA			
Balance as at the year end	182.81	182.81	182.81
Maximum amount outstanding at any time during the year	182.81	182.81	182.81
Investment in subsidiary: Ethos Limited			
Balance as at the year end	5,415.98	3,501.56	1,979.92
Maximum amount outstanding at any time during the year	5,415.98	3,501.56	1,979.92
Investment in subsidiary: Mahen Distribution Limited			
Balance as at the year end	698.07	698.07	634.04
Maximum amount outstanding at any time during the year	698.07	698.07	634.04
Investment in subsidiary: Kamla International Holdings SA			
Balance as at the year end	383.51	383.51	383.51
Maximum amount outstanding at any time during the year	383.51	383.51	383.51
Investment in associate: Kamla Tesio Dials Limited			
Balance as at the year end	30.00	20.00	20.00
Maximum amount outstanding at any time during the year	30.00	20.00	20.00
Investment in Company: Karolview Developers Private Limited			
Balance as at the year end	38.13	38.13	45.90
Maximum amount outstanding at any time during the year	38.13	38.13	45.90
Investment in Company: Shivalik Waste Management Limited			
Balance as at the year end	10.53	10.53	5.28
Maximum amount outstanding at any time during the year	10.53	10.53	5.28
c) Guarantees given			
Guarantees given to subsidiary: Ethos Limited			
Balance as at the year end	5,969.31	5,473.64	5,985.87
(Guarantees has been given for the purpose of borrowings taken by subsidiary company)			
Guarantees given to subsidiary: Pylania SA			
Balance as at the year end	300.34	175.53	188.70
(Guarantees has been given for the purpose of borrowings taken by subsidiary company)			

*Investments are net off provision for diminution in the value of investment, other than temporary.

As per our report of even date attached

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

Pravin Tulsyan
Partner
Membership no. 108044

Place : Gurugram, Haryana
Date : 14 May 2018

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

Yashovardhan Saboo
Chairman
and Managing Director
DIN: 00012158

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

Raman Sood
Company Secretary
Membership no. F3722

Place : Gurugram, Haryana
Date : 14 May 2018

Independent Auditor's Report

To the Members of KDDL Limited

1. Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of KDDL Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

2. Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. 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 audit report under the provisions of the Act and the Rules made thereunder.

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

KDDL Limited (Consolidated)

financial controls relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and of its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group and its associates to cease to continue as a going concern.

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 5 (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated Ind AS 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 and its associates as at 31 March 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

5. Other Matters

- (a) The comparative financial information of the Group, its associates and a joint venture (till 23 December 2016) for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 30 May 2017 and 30 May 2016 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group, an associate and a joint venture (till 23 December 2016) its associates on transition to the Ind AS, which have been audited by us.
- (b) We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs.3,697.33 lakhs and net assets of Rs. 1,914.15 lakhs as at 31 March 2018, total revenues of Rs. 2,503.21 lakhs and net cash inflows amounting to Rs. 104.02 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs.0.28 lakhs for the year ended 31 March 2018, as considered in the consolidated Ind AS financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and an associate, is based solely on the reports of the other

auditors.

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

- (c) The consolidated financial statements also include the Group's share of net loss of Rs. 2.90 lakhs for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of an associate whose financial information have not been audited by us. These financial information is unaudited and 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 this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

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

6. Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and an associates, which are companies incorporated in India, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and an associate, which are companies incorporated in India, none of the directors of the Group companies and its associate, which are companies incorporated

KDDL Limited (Consolidated)

in India, is disqualified as on 31 March 2018 from being appointed as a director of that company in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and an associate, which are companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A". As per the Board of Directors of one subsidiary company, in view of the MCA Notification No. G.S.R. 583 (E) dated 13 June 2017, the respective company is exempt from the requirements of clause (i) of section 143 (3) and therefore the report on adequacy and operating effectiveness of internal financial controls is not being made as per the report of the other auditor on which we have relied upon.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiaries and an associates, which are companies incorporated in India, as noted in the 'Other Matter' paragraph:
- (i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – Refer Note 42 to the consolidated Ind AS financial statements.
 - (ii) The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.
 - (iii) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and an associate, which are companies incorporated in India, during the year ended 31 March 2018.
 - (iv) The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed. Refer to note 45 of the consolidated Ind AS financial statements.

For BSR & Co. LLP
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Place: Gurugram, Haryana
Date: 14 May 2018

Pravin Tulsyan
Partner
Membership No.: 108044

KDDL Limited (Consolidated)

Annexure A referred to in paragraph 6(f) to the Independent Auditor's report to the Members of the Company being report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated Ind AS financial statements of KDDL Limited ("the Holding Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and an associate, which are companies incorporated in India, as of that date. As per the Board of Directors of one subsidiary company, in view of the MCA Notification No. G.S.R. 583 (E) dated 13 June 2017, the respective subsidiary company is exempt from the requirements of clause (i) of section 143 (3) and therefore the report on adequacy and operating effectiveness of internal financial controls is not being made as per the report of the other auditor on which we have relied upon

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and an associate, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

KDDL Limited (Consolidated)

Annexure A referred to in paragraph 6(f) to the Independent Auditor's report to the Members of the Company being report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

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

Inherent Limitations of Internal Financial Controls with reference to consolidated Ind AS Financial Statements

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

Opinion

In our opinion, the Holding Company, its subsidiary companies and an associate, which are companies incorporated in India have in all material respects, an adequate internal financial controls system with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at 31 March 2018, based on the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements insofar as it relates to two subsidiary companies and an associate which are companies incorporated in India, is solely based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For B S R &Co. LLP

Chartered Accountants

Firm Registration No.: 101248W/W-100022

Pravin Tulsyan

Partner

Membership No.: 108044

Place: Gurugram, Haryana

Date:14 May 2018

KDDL Limited (Consolidated)

Consolidated Balance sheet as at 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

Assets	Notes	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current assets				
Property, plant and equipment	3	8,361.36	7,796.68	7,697.81
Capital work-in-progress	3	2,419.14	481.25	295.24
Other intangible assets	4	83.54	107.32	152.23
Equity accounted investees	5	28.35	28.06	52.58
Financial assets				
- Investments	6	48.66	48.66	51.28
- Loans	7	1,060.62	856.84	957.00
- Other financial assets	8	224.32	85.86	168.17
Income tax asset (net)	9	622.97	709.59	604.65
Deferred tax assets (net)	10	495.52	527.85	284.92
Other non-current assets	11	696.43	648.86	572.04
Total non-current assets		14,040.91	11,290.97	10,835.92
Current assets				
Inventories	12	20,115.42	19,020.26	18,638.98
Financial assets				
- Trade receivables	13	3,264.21	2,613.63	2,363.63
- Cash and cash equivalents	14	1,127.60	1,156.35	617.77
- Other bank balances	15	672.96	867.32	450.36
- Loans	7	444.30	403.01	471.46
- Other financial assets	8	41.30	31.70	96.48
Other current assets	16	3,290.87	729.07	837.14
Total current assets		28,956.66	24,821.34	23,475.82
Total assets		42,997.57	36,112.31	34,311.74
Equity and Liabilities				
Equity				
Equity share capital	17	1,103.99	1,092.67	1,017.20
Other equity	18	12,094.83	9,643.40	7,627.31
Equity attributable to owners of the Company		13,198.82	10,736.07	8,644.51
Non-controlling interests	39	2,966.27	3,511.52	3,282.41
Total equity		16,165.09	14,247.59	11,926.92
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	19	4,597.47	3,627.21	3,294.68
- Other financial liabilities	20	5.69	9.55	-
Provisions	21	335.42	278.57	359.50
Deferred tax liabilities (net)	10	378.32	456.44	403.31
Total non-current liabilities		5,316.90	4,371.77	4,057.49
Current liabilities				
Financial liabilities				
- Borrowings	19	6,354.26	5,943.03	6,815.89
- Trade payables	22	8,627.21	7,160.89	7,760.40
- Other financial liabilities	20	4,783.87	3,058.25	2,780.70
Other current liabilities	23	1,250.22	1,193.85	852.63
Provisions	21	81.32	85.47	63.50
Current tax liabilities (net)	24	418.70	51.46	54.21
Total current liabilities		21,515.58	17,492.95	18,327.33
Total liabilities		26,832.48	21,864.72	22,384.82
Total equity and liabilities		42,997.57	36,112.31	34,311.74
Significant accounting policies	2			
Notes to the Consolidated Ind AS financial statements	3-48			

The accompanying notes form an integral part of the consolidated Ind AS financial statements
As per our report of even date attached

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

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

Pravin Tulsyan
Partner
Membership no. 108044

Yashovardhan Saboo
Chairman and Managing Director
DIN: 00012158

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

Place : Gurugram, Haryana
Date : 14 May 2018

Place : Gurugram, Haryana
Date : 14 May 2018

Raman Sood
Company Secretary
Membership No. F3722

KDDL Limited (Consolidated)

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

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

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	25	50,318.03	45,843.59
Other income	26	522.29	455.39
Total income		50,840.32	46,298.98
Expenses			
Cost of materials consumed	27	3,764.43	3,000.49
Excise duty on sales		143.22	520.10
Purchases of stock-in-trade	28	27,240.22	25,655.33
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(815.43)	(436.15)
Employee benefits expense	30	6,663.04	6,047.67
Finance costs	31	1,202.92	1,430.67
Depreciation and amortisation expense	32	1,213.25	1,160.66
Other expenses	33	8,901.65	8,567.68
Total expenses		48,313.30	45,946.45
Profit before share of equity accounted investees and income tax		2,527.02	352.53
Share of profit of equity accounted investees (net of income tax)	5	(2.61)	5.38
Profit before income tax		2,524.41	357.91
Income tax expense:	34		
- Current tax			
- Current year		743.44	348.84
- Changes in estimates related to previous year		-	5.16
- Deferred tax		(36.08)	(181.57)
Total income tax expense		707.36	172.43
Profit for the year		1,817.05	185.48
Other comprehensive income / (expense)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit liability / (asset)		(35.45)	(26.13)
Income tax on remeasurement of defined benefit liability / (asset)		9.71	8.23
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		44.60	(43.42)
Income tax on exchange differences on translation of foreign operations		-	-
Other comprehensive income / (expense) for the year (net of income tax)		18.86	(61.32)
Total comprehensive income for the year (net of income tax)		1,835.91	124.16
Profit attributable to:			
Owners of the Company		1,712.14	210.44
Non-controlling Interest		104.91	(24.95)
Profit for the year		1,817.05	185.49
Other comprehensive income / (expense) attributable to:			
Owners of the Company		12.00	(52.33)
Non-controlling Interest		6.86	(8.99)
Other comprehensive income / (expense) for the year		18.86	(61.32)
Total comprehensive income / (expense) attributable to:			
Owners of the Company		1,724.14	158.11
Non-controlling Interest		111.77	(33.94)
Total comprehensive income for the year		1,835.91	124.16
Earnings per share [nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (Rs.)	35	16.75	1.76
Diluted (Rs.)		16.73	1.76
Significant accounting policies	2		
Notes to the consolidated Ind AS financial statements	3-48		

The accompanying notes form an integral part of the consolidated Ind AS financial statements
As per our report of even date attached

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

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

Pravin Tulsyan
Partner
Membership no. 108044

Yashovardhan Saboo
Chairman and Managing Director
DIN: 00012158

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

Place : Gurugram, Haryana
Date : 14 May 2018

Place : Gurugram, Haryana
Date : 14 May 2018

Raman Sood
Company Secretary
Membership No. F3722

Consolidated Statement of changes in equity for the year 31 March 2018
(All amounts are in Indian Rupees Lakhs, except for share data)

Equity share capital	Note	Reserves and surplus				Money Received against Shares Warrants	Total equity attributable to owners of the Company	Attributable to Non-controlling interest	Total
		Capital reserve	Securities premium	General reserve	Employee stock options outstanding reserve				
Balance as at 1 April 2016	17	26.56	5,843.48	1,776.20	72.20	67.36	7,627.31	3,282.41	10,909.72
Changes in equity share capital during the year		-	-	-	-	210.44	210.44	(24.95)	185.49
Balance as at 31 March 2017	17	-	(15.14)	-	-	(52.33)	(61.32)	(9.00)	1,092.67
Changes in equity share capital during the year		-	-	-	-	195.30	195.30	(37.19)	11.32
Balance as at 31 March 2018		-	-	-	-	195.30	195.30	(37.19)	1,103.99
Other equity									
Balance as at 1 April 2016		26.56	5,843.48	1,776.20	72.20	67.36	7,627.31	3,282.41	10,909.72
Total comprehensive income for the year ended 31 March 2017		-	-	-	-	210.44	210.44	(24.95)	185.49
Profit for the year		-	-	-	-	(15.14)	(15.14)	(9.00)	(24.14)
Other comprehensive income / (expense) (net of tax effect)		-	-	-	-	(37.19)	(37.19)	(9.00)	(46.19)
Total comprehensive income for the year		-	-	-	-	195.30	195.30	(37.19)	149.11
Transfer to general reserve		-	-	200.00	-	(200.00)	-	-	-
Changes in equity share capital during the year		-	1,924.53	-	-	-	1,924.53	-	1,924.53
Share issue expense		-	(10.10)	-	-	-	(10.10)	-	(10.10)
Issue of share warrants		-	-	-	-	250.79	250.79	-	250.79
Share based payment expense		-	-	23.10	-	-	23.10	-	23.10
Share options forfeited during the year		-	-	(3.28)	-	-	(3.28)	-	(3.28)
Balance as at 31 March 2017		-	1,914.43	200.00	19.82	(200.00)	2,185.04	-	2,185.04
Changes in ownership interests in subsidiaries that do not result in loss of control		0.02	(164.82)	-	(3.62)	(158.64)	(327.06)	263.05	(64.01)
Acquisition of non-controlling interests		0.02	(164.82)	-	(3.62)	(158.64)	(327.06)	263.05	(64.01)
Total changes in ownership interests in subsidiaries		26.58	7,593.09	1,976.20	88.40	(95.98)	9,483.40	3,511.52	13,154.92
Balance as at 31 March 2017		-	-	-	-	-	-	-	-
Total comprehensive income for the year ended 31 March 2018		-	-	-	-	1,712.14	1,712.14	104.91	1,817.05
Profit for the year		-	-	-	-	(26.21)	(26.21)	6.86	(19.35)
Other comprehensive income / (expense) (net of tax effect)		-	-	-	-	38.21	38.21	-	38.21
Total comprehensive income for the year		-	-	-	-	1,685.92	1,724.14	111.77	1,855.91
Transfer to general reserve		-	-	400.00	-	(400.00)	-	-	-
Changes in equity share capital during the year		-	1,325.60	-	-	-	1,250.60	-	1,250.60
Share issue expense		-	-	-	-	-	(75.00)	-	(75.00)
Issue of share warrants		-	-	-	-	-	-	-	-
Share based payment expense		-	-	-	11.76	-	11.76	-	11.76
Share options exercised during the year		-	-	-	7.55	-	7.55	-	7.55
Dividend on cumulative preference shares		-	-	-	-	-	-	-	-
Excess provision for dividend on cumulative preference shares reversed		-	-	-	-	-	-	-	-
Redemption of preference shares		-	-	-	-	-	-	-	-
Dividend		-	-	-	-	(162.60)	(162.60)	-	(162.60)
Corporate dividend tax		-	-	-	-	(33.11)	(33.11)	-	(65.71)
Balance as at 31 March 2018		26.58	8,110.66	2,376.20	104.51	1,458.56	12,094.83	2,986.27	15,061.11
Changes in ownership interests in subsidiaries that do not result in loss of control		-	1,325.60	400.00	19.31	(995.71)	1,074.20	-	1,074.20
Acquisition of non-controlling interests		-	(808.03)	-	(3.20)	464.32	(346.91)	(657.01)	(1,003.92)
Total changes in ownership interests in subsidiaries		26.58	8,110.66	2,376.20	104.51	1,458.56	12,094.83	2,986.27	15,061.11
Balance as at 31 March 2018		26.58	8,110.66	2,376.20	104.51	1,458.56	12,094.83	2,986.27	15,061.11

Significant accounting policies
Notes to the consolidated Ind AS financial statements 3-48

The accompanying notes form an integral part of the consolidated Ind AS financial statements
As per our report even date attached

For BSR & Co. LLP
Chartered Accountants
Firm registration no. : I01248W/W-100022

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

Pravin Tulsyan
Partner
Membership no. 108044
Place : Gurugram, Haryana
Date : 14 May 2018

Sanjeev Maswani
Chief Financial Officer and Whole time Director
DIN: 03542390
Raman Sood
Company Secretary
Membership No. F3722

KDDL Limited (Consolidated)

Consolidated Cash Flow Statement for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from operating activities		
Profit before income tax	2,524.41	357.91
Adjustments for :		
Depreciation and amortisation expenses	1,213.25	1,160.66
Net gain on sale of property, plant and equipment	(160.61)	(0.19)
Fixed assets written off (net)	40.30	71.36
Advances / deposits written off	56.25	2.26
Expense on employee stock option scheme	11.76	19.82
Finance cost	1,202.92	1,430.67
Interest income	(180.36)	(197.19)
Dividend income	0.23	-
Provisions no longer required written back	(98.28)	(61.76)
Expected credit loss on trade receivables	-	5.97
Net change in fair value of financial assets (at FVTPL)	-	2.62
Effect of exchange rates on translation of operating cashflows	38.21	(37.19)
Operating cash flow before working capital changes	4,648.08	2,754.94
Changes in working capital:		
(Increase)/ decrease in loans	(153.25)	249.60
(Increase) / decrease in other financial assets	(2.80)	74.19
(Increase) / decrease/ in other non-current assets	35.67	115.47
(Increase) in inventories	(1,095.16)	(381.27)
(Increase) in trade receivables	(650.58)	(249.39)
(Increase)/ decrease in other current assets	(2,618.05)	115.05
Increase / (decrease) in provisions	17.25	(85.09)
Increase / (decrease) in trade payables	1,564.60	(553.56)
Increase in other financial liabilities	42.28	179.49
Increase in other current liabilities	16.17	332.65
Cash generated by operating activities	1,804.21	2,552.07
Income tax (paid), net	(289.58)	(461.69)
Net cash generated from operating activities (A)	1,514.63	2,090.38
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances)	(3,407.35)	(1,695.91)
Proceeds from sale of property, plant and equipment	248.69	31.15
Subscription (net) paid/received on acquisition/ divestiture of interest in subsidiaries	81.19	(37.14)
Movement in other bank balances	60.15	(340.17)
Interest received	81.74	106.78
Dividend received	0.23	-
Net cash (used) in investing activities (B)	(2,935.35)	(1,935.29)

KDDL Limited (Consolidated)

Consolidated Cash Flow Statement for the year ended 31 March 2018

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

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	225.00	2,250.79
Share issue expenses	-	(10.10)
Proceeds from non-current borrowings	4,348.08	1,643.97
Repayment of non-current borrowings	(2,319.88)	(1,215.23)
Proceeds from/repayments of current borrowings (net)	475.67	67.59
Finance Cost paid	(1,076.75)	(1,413.08)
Dividend paid	(162.60)	-
Tax on dividend	(33.11)	-
Net cash flow provided by financing activities (C)	1,456.41	1,323.94
Net (decrease) / increase in cash and cash equivalents (A+B+C)	35.69	1,479.03
Cash and cash equivalents at the beginning of period (see below)	(4,016.83)	(5,495.86)
Cash and cash equivalents at the end of period (see below)	(3,981.14)	(4,016.83)

Notes:

1. Components of cash and cash equivalents:

Balances with banks in current accounts	516.01	946.88
Remittances-in-transit	108.14	-
Cheques, drafts on hand	166.39	43.77
Cash on hand	103.39	103.21
Credit cards receivable	233.67	62.49
Bank overdraft	(5,108.74)	(5,173.18)
	(3,981.14)	(4,016.83)

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

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

Significant accounting policies	2
Notes to the consolidated Ind AS financial statements	3-48

The accompanying notes form an integral part of the consolidated Ind AS financial statements
As per our report of even date attached

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

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

Pravin Tulsyan
Partner
Membership no. 108044

Yashovardhan Saboo
Chairman and Managing Director
DIN: 00012158

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

Place : Gurugram, Haryana
Date : 14 May 2018

Place : Gurugram, Haryana
Date : 14 May 2018

Raman Sood
Company Secretary
Membership No. F3722

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

1. Reporting entity

KDDL Limited ('the Company' or 'the Parent Company'), is a public limited Company domiciled in India. The Company is listed on BSE Limited and National Stock Exchange (NSE) of India Limited. These consolidated Ind AS financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates. The Group is primarily engaged in the business of manufacturing dials, watch hands and precision components and trading of watches, accessories and luxury items.

2. Significant accounting policies

a) Basis of preparation

i) Statement of compliance

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

The Group's consolidated financial statements upto and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounts) Rules, 2014.

As these are Group's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, which was the previous GAAP. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Group is provided in Note 36.

The consolidated Ind AS financial statements were authorized for issue by the Company's Board of Directors on 14 May 2018.

ii) Functional and presentation currency

The functional currency of the Group is the Indian rupee. These consolidated Ind AS financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

iii) Basis of measurement

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

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

iv) Use of estimates and judgments

The preparation of consolidated Ind AS financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the consolidated Ind AS financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated Ind AS

financial statements is included in the following notes:

- Note 2 (a) (v) - Fair value measurement
- Note 2(c) and 3 – Assessment of useful life of Property, plant and equipment;
- Note 2(c) and 4 – Assessment of useful life of Intangible assets;
- Note 2(g), 2 (h), 20 and 40 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 2(m), 9 and 34 – Recognition of tax expense including deferred tax, availability of future taxable profit against which tax losses carried forward can be used
- Note 2(p)(ii) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts;
- Note 2(p)(i) - Impairment of financial assets and
- Note 41 Measurement of defined benefit obligations: key actuarial assumptions; Shared based payments.

v) Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

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

b) Basis of consolidation

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities controlled by the Group including its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The details of the consolidated entities are as follows:

S.No.	Name	Country of Incorporation	Percentage of ownership
1.	Pylania SA *	Switzerland	85.00 %
2.	Kamla International Holdings SA	Switzerland	100.00 %
3.	Ethos Limited**	India	78.68 %
4.	Mahen Distribution Limited	India	100.00 %
5.	Satva Jewellery and Design Limited	India	100.00 %
6.	Cognition Digital LLP	India	100.00%
7.	Kamla Tesio Dials Limited	India	30.00 %
8.	Cadrafan Sari	Switzerland	22.00%

* Includes 47.25% (31 March 2017: 47.25%, 1 April 2016: 47.25%) held through Kamla International Holdings SA

** Includes 18.68% (31 March 2017: 18.56%, 1 April 2016: 18.56%) held through Mahen Distribution Limited

Consolidation procedure

(i) Business Combinations

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss. Transaction costs are expensed as incurred, other than those incurred in relation to the issue of

debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1st April, 2016. As such, Previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward as at the date of transition to Ind AS.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated Ind AS financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Statement of Profit and Loss.

(v) Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated Ind AS financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at

the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss.

(viii) Foreign operations

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into Indian Rupees, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian Rupees at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Such exchange differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

Recognition and measurement

Items of PPE are measured at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and/or accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date. Advances paid towards acquisition of PPE outstanding at each Balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2016.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

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

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated 29 August 2014 of the Ministry of Corporate Affairs

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

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

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

Depreciation on the property, plant and equipment of the Group's foreign subsidiary Pylania SA has been provided on straight-line method based on the estimated useful life of assets using the rates stated as follows:

Particulars	Rate
Buildings – Factory	1.5% to 8.5%
Plant and machinery	10% to 15%
Office equipment	8.5% to 15%
Motor vehicles	48%

In view of the Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

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

Derecognition

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

d) Other intangible assets

Acquired Intangible

Intangible assets that are acquired by the Group are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade

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discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

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

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation

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

The estimated useful lives are as follows:

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

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

Derecognition

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

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The methods of determining cost of various categories of inventories are as follows:

Raw materials (including goods in transit)	Weighted average method
Traded Goods	Weighted average method
Stores and spares	Weighted average method
Work-in-progress and finished goods (manufactured)	Variable cost at weighted average including an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

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

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

f) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries, wages and bonus etc., if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

The Group has elected to apply Ind AS 102 Share based payment to equity instruments that vested after the date of transition to Ind AS pursuant to the exemption under Ind AS 101.

Post-employment benefits

-Defined contribution plans

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

-Defined benefit plans

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

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

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long term employee benefits

Compensated absences

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when, as a result of past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

g) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

h) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

i) Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

j) Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities includes excise duty till 30 June 2017 (goods and service tax ('GST') with effect from 1 July 2017) and is measured at the fair value of the consideration received or receivable, exclusive of taxes as applicable such as sales tax, value added taxes (VAT), service tax and GST, and is net of returns, trade discounts, quantity discounts and cash discounts. Revenue includes shipping and handling costs billed to the customer. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risk and rewards varies depending on the individual terms of sale. For sales of watches, such transfer occurs when the product is handed over to the customer at the retail stores. Generally for such products, the buyer has no right of return.

Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of initial

sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

Sale of services

Revenue from services rendered is recognised in profit or loss when the services are rendered and the related costs are incurred.

Export benefits

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

k) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

l) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

m) Income taxes

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

Current tax

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

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Group recognises a deferred tax asset only to the

extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.

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

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

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

Minimum alternate tax

Minimum alternate tax ('MAT') under the provisions of Income-tax Act, 1961 is recognized as current tax in statement of profit and loss. The credit available under the Act in respect of MAT paid is adjusted from deferred tax liability only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized adjusted from deferred tax liability is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

n) Leases

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

Finance leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

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

o) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)

- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

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

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

Equity investments

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

Derecognition of financial assets

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

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

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

involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

The Group uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

p) Impairment of non-financial assets

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions

about resources to be allocated to the segments and assess their performance.

r) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

t) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date

u) Recent Accounting pronouncements

Applicable standards issued but not yet effective

Ind AS 115, Revenue from contracts with customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has completed its evaluation of the possible impact of Ind AS 115 and does not expect the impact of the adoption of the new standard to be material.

Appendix B, Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group has completed its evaluation and the possible impact of this amendment and does not expect the impact and adoption of this amendment to be material.

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018
(All amounts are in Indian Rupees Lakhs, except for share data)

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

Gross carrying amount (refer note c)

	Freehold land	Leasehold land	Buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total	Capital work in progress*
Deemed cost										
Balance as at 1 April 2016	82.63	601.80	1,246.06	431.83	4,306.98	756.38	85.92	186.21	7,697.81	295.24
Additions	3.52	31.21	28.43	156.69	828.98	123.74	60.27	0.50	1,233.34	662.48
Adjustment pursuant to acquisition (refer to note 5(b))	-	-	(1.43)	(145.77)	210.81	6.84	4.04	3.84	225.53	-
Disposals	-	-	(67.90)	-	(66.03)	-	(8.33)	(89.12)	(263.97)	(476.47) #
Exchange differences on translation	14.46	-	-	-	-	0.90	-	(2.91)	(121.48)	-
Balance as at 31 March 2017	100.61	633.01	1,205.16	442.75	5,261.42	887.86	141.90	98.52	8,771.23	481.25
Balance as at 1 April 2017	100.61	633.01	1,205.16	442.75	5,261.42	887.86	141.90	98.52	8,771.23	481.25
Additions	-	-	143.79	591.45	358.64	353.06	72.85	313.82	1,833.61	2,621.28
Disposals	(7.55)	-	-	(28.53)	(64.17)	(65.23)	(5.64)	(58.99)	(230.11)	(710.98) #
Exchange differences on translation	17.52	-	13.97	-	93.37	(50.32)	-	(0.26)	74.28	-
Balance as at 31 March 2018	110.58	633.01	1,362.92	1,005.67	5,649.26	1,125.37	209.11	353.09	10,449.01	2,391.55

Accumulated Depreciation (refer note c)

Balance as at 1 April 2016	-	-	-	213.42	569.96	151.39	62.00	43.54	1,105.13	-
Depreciation for the year	-	5.53	59.29	-	101.75	6.84	4.04	3.84	116.47	-
Adjustment pursuant to acquisition (refer to note 5(b))	-	-	(0.82)	(78.27)	(11.41)	-	(8.84)	(62.31)	(161.65)	-
Disposals	-	-	13.80	-	(115.12)	1.78	-	(3.29)	(85.40)	-
Exchange differences on translation	17.43	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	17.43	5.53	72.27	135.15	545.18	160.01	57.20	(18.22)	974.55	-
Balance as at 1 April 2017	17.43	5.53	72.27	135.15	545.18	160.01	57.20	(18.22)	974.55	-
Depreciation for the year	5.76	-	58.54	231.66	613.19	169.30	45.69	50.68	1,174.82	-
Disposals	-	-	-	(26.84)	(1.60)	(34.88)	(4.46)	(34.36)	(102.14)	-
Exchange differences on translation	14.46	-	(3.36)	-	81.42	(51.75)	-	(0.35)	40.42	-
Balance as at 31 March 2018	37.65	5.53	127.45	339.97	1,238.19	242.68	98.43	(2.25)	2,087.65	-

Carrying amounts (net)

At 1 April 2016	82.63	601.80	1,246.06	431.83	4,306.98	756.38	85.92	186.21	7,697.81	295.24
At 31 March 2017	83.18	627.48	1,132.89	307.60	4,716.24	727.85	84.70	116.74	7,796.68	481.25
At 31 March 2018	72.93	627.48	1,235.47	665.70	4,411.07	882.69	110.68	355.34	8,361.36	2,391.55

Notes:

- Refer note 19 for information on property, plant and equipment are pledged as security by the company.
- Refer note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Refer note 36A for a reconciliation of deemed cost as considered by the Company pursuant to transition provision under Ind AS 101.
 - * Includes capitalised borrowing costs related to the construction of the new factory amounted to Rs. 110.75 (previous year: Rs. 40.10).
 - § Includes lease hold land of Rs. 5.67 (31 March 2017: Rs. 5.67, 1 April 2016: Rs. 5.67) situated at Parwanoo for which the Company is in the process of completing formalities for transferring the title deed in its own name.
 - # Represents capital-work-in-progress capitalized during the year.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

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

Other intangible assets

Gross carrying amount (refer note d)

	Technical know-how	Softwares	Web portal	Total
Deemed cost				
Balance as at 1 April 2016	4.16	135.04	13.03	152.23
Additions - acquired	-	10.62	-	10.62
Disposals	-	-	-	-
Balance as at 31 March 2017	4.16	145.66	13.03	162.85
Balance as at 1 April 2017	4.16	145.66	13.03	162.85
Additions - acquired	-	15.05	-	15.05
Disposals	-	0.83	-	0.83
Balance as at 31 March 2018	4.16	159.88	13.03	177.07

Accumulated amortisation (refer note d)

Balance as at 1 April 2016	-	-	-	-
Amortisation for the year	3.72	42.48	9.33	55.53
Disposals	-	-	-	-
Balance as at 31 March 2017	3.72	42.48	9.33	55.53
Balance as at 1 April 2017	3.72	42.48	9.33	55.53
Amortisation for the year	0.91	37.98	-	38.43
Disposals	-	0.42	-	0.42
Balance as at 31 March 2018	4.63	80.04	9.33	93.54

Carrying amounts (net)

At 1 April 2016	4.16	135.04	13.03	152.23
At 31 March 2017	0.44	103.18	3.70	107.32
At 31 March 2018	(0.47)	79.84	3.70	83.53

Notes:

d. Refer note 36A for a reconciliation of deemed cost as considered by the Company pursuant to transition provision under Ind AS 101.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

5 Equity accounted investees

See accounting policies in Notes 2(b)(v).

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Interest in associates	(a)	28.35	28.06	27.14
Interest in joint venture	(b)	-	-	25.44
		28.35	28.06	52.58

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

Name of associate	Principal activity	Principal place of business	Percentage ownership interest			
			As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	
(i) Kamla Tesio Dials Limited	Manufacture of dials and accessories	India	30%	30%	30%	
			Current assets [(including cash and cash equivalents of Rs. 25.85 (31 March 2017: Rs. 24.95, 1 April 2016: Rs. 21.64)]	27.94	27.05	23.73
			Non-current assets	66.94	67.26	67.76
			Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. 0.38 (31 March 2017: Rs. 0.78, 1 April 2016: Rs. 1.02)]	0.38	0.78	1.02
			Non-current liabilities	-	-	-
			Net assets	94.50	93.53	90.47
			Group's share of net assets (30%)	28.35	28.06	27.14
			Carrying amount of the interest in associate	28.35	28.06	27.14

	Year ended 31 March 2018	Year ended 31 March 2017
Revenue	6.00	6.00
Other income	(0.35)	(0.50)
Depreciation and amortisation	-	-
Finance costs	(2.71)	(0.60)
Employee benefit expense	(1.98)	(1.86)
Other expenses	0.96	3.04
Profit	-	-
Other comprehensive income	0.96	3.04
Total comprehensive income	0.29	0.91
Group's share of profit (30%)	-	-
Group's share of other comprehensive income (30%)	0.29	0.91
Group's share of total comprehensive income	0.29	0.91

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

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

Name of associate	Principal activity	Principal place of business	Percentage ownership interest		
			As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(ii) Cadrafin Sari *	Manufacture of watch components	Switzerland	22%	-	-
Current assets [(including cash and cash equivalents of Rs. 21.20 (31 March 2017: Rs. Nil, 1 April 2016: Rs. Nil)]			21.20	-	-
Non-current assets			27.18	-	-
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. 19.65 (31 March 2017 : Rs. Nil, 1 April 2016 : Rs. Nil)]			19.65	-	-
Non-current liabilities			38.02	-	-
Net assets			(9.29)	-	-
Group's share of net assets (22%)			(1.86)	-	-
Carrying amount of the Company's interest in associate**			-	-	-
				Year ended 31 March 2018	Year ended 31 March 2017
Revenue				9.08	-
Other income				-	-
Depreciation and amortisation				-	-
Finance costs				(0.39)	-
Other expenses				(30.28)	-
Profit				(21.59)	-
Other comprehensive income				-	-
Total comprehensive income				(21.59)	-
Group's share of profit/(loss) (22%)**				(2.90)	-
Group's share of other comprehensive income (22%)				-	-
Group's share of total comprehensive income				(2.90)	-

* Based on unaudited financial information

**Recognised loss upto the amount of cost of investment during the year

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

Name of joint venture	Principal activity	Principal place of business	Percentage ownership interest		
			As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Satva Jewellery and Design Limited	Diamond and stone fixation on watch accessories and jewellery items	India	-	-	50%
Current assets [(including cash and cash equivalents of Rs. Nil (31 March 2017: Rs. Nil, 1 April 2016: Rs. 0.21)]			-	-	17.22
Non-current assets			-	-	116.14
Current liabilities [including financial liabilities (other than trade payables and other financial liabilities and provisions) of Rs. Nil (31 March 2017 : Rs. Nil, 1 April 2016 : Rs. 24.02)]			-	-	(82.48)
Non-current liabilities			-	-	-
Net assets			-	-	50.88
Group's share of net assets (50%)			-	-	25.44
Carrying amount of the Company's interest in joint venture			-	-	25.44

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

	Year ended 31 March 2018	Year ended 31 March 2017
Revenue	-	32.96
Other income	-	2.38
Depreciation and amortisation	-	(12.08)
Finance costs	-	(13.24)
Other expenses	-	(1.08)
Profit	<u>-</u>	<u>8.94</u>
Other comprehensive income	-	-
Total comprehensive income	<u>-</u>	<u>8.94</u>
Group's share of profit (50%)	<u>-</u>	<u>4.47</u>
Group's share of other comprehensive income (50%)	<u>-</u>	<u>-</u>
Group's share of total comprehensive income	<u>-</u>	<u>4.47</u>

*Satva Jewellery and Design Limited ('Satva') became wholly owned subsidiary of KDDL Limited with effect from 23 December 2016.

6 Investments	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current investments			
<i>Unquoted investments (fully paid up)</i>			
Other Companies (Fair value through Statement of Profit and Loss):			
- Karolview Developers Private Limited	38.13	38.13	45.90
500,000 (31 March 2017 : 500,000, 1 April 2016 : 500,000) equity shares of Rs. 10 each fully paid up	10.53	10.53	5.38
- Shivalik Solid Waste Management Limited	<u>48.66</u>	<u>48.66</u>	<u>51.28</u>
17,500 (31 March 2017 : 17,500, 1 April 2016 : 17,500) equity shares of Rs. 10 each fully paid up	<u>48.66</u>	<u>48.66</u>	<u>51.28</u>
Aggregate amount of unquoted investments	48.66	48.66	51.28

7 Loans (Unsecured, considered good, unless otherwise stated)	Non-Current			Current		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposit						
- to related parties (refer to note 42)	2.00	2.00	2.00	-	-	-
- to others	1,007.94	810.06	857.27	390.21	353.56	408.28
Loan to employees						
- to related parties (refer to note 42)	30.07	33.46	35.70	6.17	8.77	-
- to others	20.61	11.32	62.03	47.92	40.68	63.18
	<u>1,060.62</u>	<u>856.84</u>	<u>957.00</u>	<u>444.30</u>	<u>403.01</u>	<u>471.46</u>

8 Other financial assets	Non-Current			Current		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposit accounts with original maturity more than 12 months #	224.32	85.86	168.17	-	-	-
Derivatives financial instruments (Fair value through Statement of Profit and Loss)	-	-	-	2.80	-	9.58
Interest accrued but not due on deposits	-	-	-	38.50	31.70	22.29
Recoverable from related parties	-	-	-	-	-	64.61
	<u>224.32</u>	<u>85.86</u>	<u>168.17</u>	<u>41.30</u>	<u>31.70</u>	<u>96.48</u>

These deposits include restricted bank deposits amounting to Rs. 215.01 (31 March 2017: Rs. 79.10, 1 April 2016: Rs. 95.11) on account of deposits pledged as security for bank guarantees.

9 Income tax asset (net)	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income-tax (net of provision of Rs. 943.54 (31 March 2017: Rs. 943.54, 1 April 2016: Rs. 1,400.05)	622.97	709.59	604.65
	<u>622.97</u>	<u>709.59</u>	<u>604.65</u>

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
10. Deferred tax asset / (liabilities) (net)			
Deferred tax assets on			
- Tax losses carried forward	-	201.15	46.39
- Expected credit allowance	1.98	3.04	3.14
- Provision for warranties	7.61	5.58	3.80
- Provision for employee benefits	122.23	116.72	147.62
- Provision for bonus	43.62	49.87	52.09
- Other provisions	81.52	24.83	31.40
- Minimum alternate tax credit entitlement	1.89	1.89	1.89
- Others	53.77	43.79	27.94
Deferred tax assets (A)	312.62	446.87	314.27
Deferred tax liability on			
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books (net)	195.42	375.46	432.66
Deferred tax liability (B)	195.42	375.46	432.66
Net deferred tax asset / (liabilities) (A - B)	117.20	71.41	(118.39)
Aggregate of net deferred tax assets jurisdictions	495.52	527.85	284.92
Aggregate of net deferred tax liabilities jurisdictions	(378.32)	(456.44)	(403.31)
Net deferred tax asset / (liabilities)	117.20	71.41	(118.39)

	As at 1 April 2016	Recognised in profit or loss during the period	Recognised in other comprehensive Income	Recognised in profit or loss during the period
2016-2017				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	(432.66)	57.20	-	(375.46)
- Tax losses carried forward	46.39	154.76	-	201.15
- Expected credit allowance	3.14	(0.10)	-	3.04
- Provision for warranties	3.80	1.78	-	5.58
- Provision for employee benefits	147.62	(39.13)	8.23	116.72
- Provision for bonus	52.09	(2.22)	-	49.87
- Other provisions	31.40	(6.57)	-	24.83
- Minimum alternate tax credit entitlement	1.89	-	-	1.89
- Others	27.94	15.85	-	43.79
	(118.39)	181.57	8.23	71.41

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

	As at 1 April 2017	Recognised in profit or loss during the year	Recognised in other comprehensive Income	As at 31 March 2018
2017-2018				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	(375.46)	180.04	-	(195.42)
-Tax losses carried forward	201.15	(201.15)	-	-
-Expected credit allowance	3.04	(1.06)	-	1.98
-Provision for warranties	5.58	2.03	-	7.61
-Provision for employee benefits	116.72	(4.20)	9.71	122.23
-Provision for bonus	49.87	(6.25)	-	43.62
-Other provisions	24.83	56.69	-	81.52
-Minimum alternate tax credit entitlement	1.89	-	-	1.89
-Others	43.79	9.98	-	53.77
	<u>71.41</u>	<u>36.08</u>	<u>9.71</u>	<u>117.20</u>

Deferred tax assets have not been recognised in respect of certain subsidiaries, because it is not probable that future taxable profit will be available against which the Group can use the benefits there from:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Tax losses (will expire by 2020-26 (31 March 2017 : 2020-25, 1 April 2016 : 2020-24)	608.57	661.47	1,162.55
Unrecognised tax effect	157.31	177.98	284.57
Deductible temporary differences unrecognised tax effect	36.42	36.29	32.57
	10.13	11.21	10.06
11 Other non-current assets <i>(Unsecured, considered good, unless otherwise stated)</i>	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital advances			
- to others	305.43	222.19	29.90
Advances other than capital advances			
- Advances to employees	51.13	22.42	12.24
- Prepaid expenses	121.31	134.78	214.07
- Recoverable from / balance with government authorities	48.56	99.20	77.05
- Claim receivable (refer note 40(iii))	170.00	170.00	170.00
- Insurance claim recoverable	-	0.27	68.78
	<u>696.43</u>	<u>648.86</u>	<u>572.04</u>
12. Inventories (at lower of cost and net realisable value)	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw material*	1,410.04	1,135.36	1,156.82
Work-in-progress	977.64	667.64	600.83
Finished goods	99.47	83.33	93.44
Stock in trade*	17,387.87	16,898.58	16,520.94
Stores and spares	240.40	235.35	266.95
	<u>20,115.42</u>	<u>19,020.26</u>	<u>18,638.98</u>

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<i>*Include goods-in-transit</i>				
- Raw material		5.38	12.94	16.07
- Stock in trade		386.66	119.51	57.20
13. Trade receivables				
<i>(Unsecured, considered good, unless otherwise stated)</i>				
Trade receivables				
- Related parties		-	-	
- Others				
- considered good		3,264.21	2,613.63	2,363.63
- considered doubtful		6.80	8.79	9.09
Less: expected credit loss allowance		(6.80)	(8.79)	(9.09)
		<u>3,264.21</u>	<u>2,613.63</u>	<u>2,363.63</u>
14. Cash and cash equivalents				
Balances with banks				
- in current accounts		516.01	946.88	243.52
Remittances-in-transit		108.14	-	-
Cheques, drafts on hand		166.39	43.77	26.31
Cash on hand		103.39	103.21	245.86
Others				
- credit cards receivable		233.67	62.49	102.08
		<u>1,127.60</u>	<u>1,156.35</u>	<u>617.77</u>
15. Other bank balances				
Deposit accounts with original maturity more than 3 months and upto 12 months from the reporting date (a)				
		649.02	847.63	425.15
Balance in unclaimed dividend accounts		23.94	19.69	25.21
		<u>672.96</u>	<u>867.32</u>	<u>450.36</u>
Notes:				
(a) These deposits include restricted bank deposits amounting to Rs. 622.23 (31 March 2017: Rs. 838.37, 1 April 2016: Rs. 407.46) on account of deposits pledged as security for deposits from shareholders, bank guarantee and margin money.				
16. Other current assets				
<i>(Unsecured, considered good, unless otherwise stated)</i>				
Recoverable from / balance with government authorities		2,569.94	304.79	344.60
Advances for supply of goods and services		435.77	169.43	160.50
Advances to employees		126.95	69.22	105.18
Other advances		8.37	-	21.76
Prepaid expenses		149.84	185.63	205.10
		<u>3,290.87</u>	<u>729.07</u>	<u>837.14</u>

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17 Equity Share capital

(i) <i>Details of share capital</i>	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised						
Equity shares of Rs. 10 each.	12,480,000	1,248.00	12,480,000	1,248.00	12,480,000	1,248.00
	<u>12,480,000</u>	<u>1,248.00</u>	<u>12,480,000</u>	<u>1,248.00</u>	<u>12,480,000</u>	<u>1,248.00</u>
Issued						
Equity shares of Rs. 10 each	11,127,072	1,112.71	11,013,866	1,101.39	10,259,150	1,025.92
	<u>11,127,072</u>	<u>1,112.71</u>	<u>11,013,866</u>	<u>1,101.39</u>	<u>10,259,150</u>	<u>1,025.92</u>
Subscribed and paid up capital						
Equity shares of Rs. 10 each fully paid up	10,952,792	1,095.28	10,839,586	1,083.96	10,084,870	1,008.49
Forfeited equity shares of Rs.10 each	174,280	8.71	174,280	8.71	174,280	8.71
	<u>11,127,072</u>	<u>1,103.99</u>	<u>11,013,866</u>	<u>1,092.67</u>	<u>10,259,150</u>	<u>1,017.20</u>

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

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

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

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	10,839,586	1,083.96	10,084,870	1,008.49	9,076,470	907.65
Add: Shares issued during the year	113,206	11.32	754,716	75.47	1,008,400	100.84
Balance at the end of the year	<u>10,952,792</u>	<u>1,095.28</u>	<u>10,839,586</u>	<u>1,083.96</u>	<u>10,084,870</u>	<u>1,008.49</u>

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

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	% of equity shares held	Number of shares	% of equity shares held	Number of shares	% of equity shares held
R. K. Saboo	2,058,460	19%	2,058,460	19%	2,058,460	20%
Yashovardhan Saboo	1,547,265	14%	1,509,530	14%	1,509,530	15%
Saif India V FII Holdings Limited	1,008,400	9%	1,008,400	9%	1,008,400	10%
Saif Partners India V Limited	754,716	7%	754,716	7%	-	-

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(v) Bonus shares, shares buyback and issue of shares for consideration other than cash (during five years immediately preceding 31 March 2018)

During the five years immediately preceding 31 March 2018, neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash except during the year ended 31 March 2015, 39,750 equity shares of Rs. 10 each had been issued under employee stock option plans for which only exercise price had been received in cash.

(vi) Employee stock option plan

Terms attached to stock options granted to employees of the Company are described in note 41D regarding share based payments.

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

	As at 31 March 2018		As at March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Under KDDL Employee Stock Option Plan - 2011: 21,000 equity shares of Rs.10 each, at an exercise price of Rs.120 per share (Refer note 41D)	21,000	2.10	21,000	2.10	24,750	2.48

18 Other Equity

(also refer to Statement of Changes in Equity)

(i) **Capital reserve**

Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently.

(ii) **Securities premium**

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

(iii) **General reserve**

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

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

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

(v) **Retained earnings**

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

(vi) **Other comprehensive income (net of tax)**

- Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the Group and its associates dispose or partially dispose off its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity.

(vii) **Money Received against Shares Warrants**

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

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During the previous year ended 31 March 2017, the Company had issued 377,356 share warrants at Rs. 265 per share warrant (including securities premium of Rs 255 per share warrant) on a preferential allotment basis to certain promoters and promoter entities ('warrant holders') and had also received 25% application money amounting to Rs 66.25 per share warrant. The warrants are to be converted into equivalent number of equity shares on payment of balance 75% amount at any time on or before the end of eighteen months from the date of allotment failing which these would stand forfeited. In the events the warrants are not converted into equity shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants. During the year ended 31 March 2018, the Company has allotted 113,206 equity shares on conversion of equivalent number of share warrants to certain warrant holders on realization of balance 75% towards these warrants.

19 Borrowings	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(i) Non-current borrowings				
Term-loans				
From banks (secured)	(a)	643.71	751.18	1,614.30
From others (secured)	(b)	<u>3,272.30</u>	<u>1,766.15</u>	<u>1,042.75</u>
		3,916.01	2,517.33	2,657.05
Deposits				
Deposits from shareholders				
From related parties (unsecured) (refer note 42)	(c)	200.52	48.09	29.00
From others (unsecured)	(c)	<u>1,913.21</u>	<u>1,771.37</u>	<u>1,431.78</u>
		2,113.73	1,819.46	1,460.78
Inter corporate deposits				
From related parties (unsecured) (refer note 42)	(d)	667.00	300.00	300.00
From others (unsecured)	(d)	<u>300.00</u>	<u>300.00</u>	<u>500.00</u>
		967.00	600.00	800.00
Other loans				
From related parties (unsecured) (refer note 42)	(e)	376.76	135.81	70.00
From others (unsecured)	(e)	<u>71.27</u>	<u>343.97</u>	<u>-</u>
		448.03	479.78	70.00
Total non-current borrowings (including current maturities)		<u>7,444.77</u>	<u>5,416.57</u>	<u>4,987.83</u>
Less : Current maturities of non-current borrowings (refer to note 20)		2,847.30	1,789.36	1,693.15
		<u>4,597.47</u>	<u>3,627.21</u>	<u>3,294.68</u>

Notes:

- (a) ' - Corporate loan from IDBI Bank amounting to Rs. 81.99 (31 March 2017: Rs. 194.35, 1 April 2016: Rs 248.67) carrying interest rate of 3.00% over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of Derabassi unit (KDER), tool room division at Bengaluru (EIGEN) and hands division at Bengaluru (KHAN-1) and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. Term loans from IDBI Bank Limited amounting to Rs. Nil (31 March 2017: Rs. 106.80, 1 April 2016: Rs. 118.90) carried interest rate of 2.50% over the bank base rate. The term loan is further secured by way of first pari passu mortgage charge on freehold land and building of KDER. The term loans are also personally guaranteed by the Chairman and Managing Director of the Company. The

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

Corporate loan is repayable in 2 equal quarterly instalments of Rs 28.12 each commencing from 31 May 2018 . The last instalment of Rs. 26.71 would be due on 30 November 2018.

- Vehicle loans from banks amounting to Rs. 67.62 (31 March 2017: Rs. 29.72, 1 April 2016: Rs. 53.90) carrying interest rate in the range of 9.51% per annum to 11.00% per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal monthly installments.
 - Term loans from Bank of India amounting to Rs. Nil (31 March 2017: Rs. 186.29, 1 April 2016: Rs. 552.32) carried interest rate of 2.95% over the bank MCLR 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 Parwanoo (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 freehold land and building of dials division at Derabassi (KDER). The term loans are also personally guaranteed by the Chairman Emeritus and Chairman and Managing Director of the Company.
 - Term loan from Corporation Bank amounting to Rs. Nil (31 March 2017: Rs. Nil, 1 April 2016: Rs. 230.89) carried interest rate of 5.50% over the bank base rate, was 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 freehold land and building of KHAN-1, situated at Bengaluru.
 - Term loan from Bank of India taken by subsidiary, Pylania SA amounting to Rs. 343.04 (31 March 2017: Rs. 178.82, 1 April 2016: Rs. 183.05) is carrying interest rate of 12 months Euribor plus 3.45%. The loan is secured against bank guarantee given by the parent Company. The term loan is to be repaid in a bullet repayment after the bank guarantee is withdrawn by the Parent Company.
 - Bank mortgage taken by subsidiary, Pylania SA amounting to Rs Nil (31 March 2017: Rs 52.24, 1April 2016: Rs 89.55) carrying interest rate of 5.00% is secured against freehold land and building situated in Pylania.
 - Term loans from The Jammu and Kashmir Bank Limited taken by the subsidiary, Ethos Limited amounting to Rs. Nil (31 March 2017: Nil, 1 April 2016: Rs. 128.17), carrying interest rate of 12.25% p.a. was 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.
 - Vehicle loans taken by the subsidiary, Ethos Limited amounting to Rs. 151.06 (31 March 2017 : Rs. 2.96, 1 April 2016 : Rs. 8.85) are secured against hypothecation of the specified vehicle purchased from proceeds of the said loan. The rate of interest on vehicle loans varies from 8.23% to 11.76% per annum (31 March 2017 : 10.01 to 11.76%; 1 April 2016 : 11.05 to 12.70%). The above loans are repayable in monthly installments within a period of next two to five years as per repayment schedule.
- (b) - Term loan from Intec Capital limited amounting to Rs. 42.46 (31 March 2017: Rs. 64.34, 1 April 2016: Rs. 83.53) 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 Emeritus and Chairman and Managing Director of the Company. The loan is to be repaid in 32 monthly installments as per the repayment schedule in equal monthly installments commencing from 1 April 2016. The last instalment would be repaid on 1 November 2019.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. 369.63 (31 March 2017: Rs. 504.87, 1 April 2016: Rs. 536.50) carrying interest rate equal to LTLR less 7% (presently 10.50%) is secured by way of first pari passu charge over the project leasehold immovable property and over movable fixed assets of Eigen III, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bangalore. The loan is also personally guaranteed by Chairman and Managing Director of the Company. The loan is to be repaid in 33 monthly intallments of Rs. 11.30 as per the repayment schedule

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- in equal monthly installment commencing from 25 April 2018. The last instalment would be repaid on 25 November 2020.
- Term loan from Tata Capital Financial Services Limited amounting to Rs. 337.50 (31 March 2017: Rs. 427.51, 1 April 2016: Rs. Nil) carrying interest rate equal to LTLR less 7.25% (presently 10.50%) is secured by way of exclusive charge by way of mortgage over the freehold land & building of the borrower situated at Plot No. 296 & 297 (South western Portion) 5th Main, 4th Phase, Peenya Industrial Area, Peenya, Bangalore and exclusive charge by way of hypothecation over the plant & machineries & other movable assets of KHAN II, The loan is also personally guaranteed by Chairman and Managing Director of the Company. The loan is to be repaid in 15 quarterly installments of Rs. 22.50 as per the repayment schedule in equal quarterly installments commencing from 8 April 2018. The last instalment would be repaid on 8 October 2021.
 - Term loan from Bajaj Finance Limited amounting to Rs. 2161.77 (31 March 2017: Rs. 395.79, 1 April 2016: Rs. Nil) carrying interest rate of 9.60% is secured by pari passu charge by way of hypothecation of equipment procured out of the term loan, mortgage of Leasehold Land & Building at Eigen III. The loan is also personally guaranteed by Chairman and Managing Director of the Company. The loan of Rs. 1200 is to be repaid in 55 instalments of Rs.21.13 lakh and last instalment would be paid on 5th October, 2022. The loan of Rs. 1000 is to be repaid in 48 monthly installments of Rs. 20.83 as per the repayment schedule in equal monthly installment commencing from 05 January 2019. The last instalment would be repaid on 5 December 2022.
 - Term loan from Indiabulls Housing Finance Limited taken by the subsidiary, Ethos Limited amounting to Rs. 334.31 (31 March 2017: Rs. 373.65, 1 April 2016: Rs. 422.71), carrying interest rate from 11% to 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 Company, director of the subsidiary and relatives of the director. The original Loan of Rs 450 taken in March 2014 will be repaid in 120 monthly instalments and Rs 50 taken in March 2014 will be repaid in 36 monthly instalments along with interest as per repayment schedule.
 - Vehicle loans from Daimler Financial Services taken by the Company amounting to Rs. 26.63 (31 March 2017: Rs. Nil, 1 April 2016: Rs. Nil) carrying interest rate in the range of 9.51% per annum to 11.0% per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equal annual installments.
- (c) Deposits from shareholders carrying interest rates in the range of 8.5% per annum to 12.5% per annum are repayable in 6 months to 3 years from the respective dates of deposit.
- (d) -Inter corporate deposits taken by subsidiary, Ethos Limited from related parties amounting to Rs. 517.00 (31 March 2017: Rs. 150.00, 1 April 2016: Rs. 150.00) carry an interest rate ranging between 10% to 16% per annum and are repayable within 3-36 months.
- Inter corporate deposits taken by subsidiary, Ethos Limited from others amounting to Rs. 300.00 (31 March 2017: Rs. 300.00, 1 April 2016: Rs. 500.00) carry an interest rate ranging between 13.5% to 14% per annum and the same are repayable as per the repayment schedule within next two years.
- Inter corporate deposits taken by subsidiary, Mahen Distribution Limited from related parties amounting to Rs 150.00 (31 March 2017: Rs. 150.00, 1 April 2016: Rs. 150.00) carrying interest rate of 16% p.a. is repayable within two years.
- (e) -Unsecured loans taken by subsidiary, Ethos Limited from related parties amounting to Rs. 70.00 (31 March 2017: Rs. 70.00, 1 April 2016: Rs. 70.00) carry an interest rate of 12.5% per annum and is repayable within 30 months.
- Unsecured loan from related party taken by subsidiary Pylania SA, amounting to Rs. 72.43 (31 March 2017: Rs. 65.81, 1 April 2016: Rs. Nil) is repayable before or on the expiry of the loan, i.e. 15 January 2018 subject to additional one year renewal after written consent of the parties
 - Unsecured loan from related party taken by subsidiary Pylania SA, amounting to Rs. 35.30 (31 March 2017: Rs. Nil, 1 April 2016: Rs. Nil) carrying interest rate of 4% is repayable before or on the expiry of the loan, i.e. 16 September 2019. This agreement will be automatically renewed for an additional year.

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- Unsecured loan from Radexpo AG by subsidiary Plyania SA amounting to Rs. 71.27 (31 March 2017: Rs. Nil, 1 April 2016: Rs. Nil) carrying interest rate of 5% p.a. to be paid at the end of one year i.e. 14 August 2018.
- Loan from Independent sources taken by subsidiary Plyania SA, amounting to Rs. 199.02 (31 March 2017: Rs. Nil, 1 April 2016: Rs. Nil) carrying interest rate of 6% compounded monthly is repayable within six months from 1 November 2017.
- Unsecured loan from others taken by subsidiary Plyania SA, amounting to Rs. Nil (31 March 2017: Rs. 343.97, 1 April 2016: Rs. Nil) has been repaid in the current year.

(ii) Current borrowings	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans repayable on demand				
From banks (secured)	(a)	4,808.74	4,843.67	5,713.63
From banks (unsecured)	(b)	-	29.51	-
From others (secured)	(c)	300.00	300.00	-
From others (unsecured)		-	-	400.00
Deposits				
Deposits from shareholders				
From others (unsecured)	(d)	88.24	28.72	104.01
Inter-corporate deposit (unsecured)	(e)	100.00	-	-
Buyers credit from banks (secured)	(f)	1,057.28	741.13	598.25
		<u><u>6,354.26</u></u>	<u><u>5,943.03</u></u>	<u><u>6,815.89</u></u>

Notes:

- (a) - Working capital borrowings from banks amounting to Rs. 1451.62 (31 March 2017: Rs. 247.72, 1 April 2016: Rs. 1,092.57) carrying interest rate varying from 9.10% per annum to 10.90% per annum are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the entire fixed assets of the Company. These loans are also guaranteed by the Chairman & Managing Director of the Company and is repayable on demand.
- The cash credit overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 1,024.60 (31 March 2017: Rs. 1,909.79, 1 April 2016: Rs. 1,680.96) from IDBI Bank Limited are repayable on demand and are secured by first parri passu charge on all the current assets of the subsidiary company both present and future and second parri passu charge on the fixed assets of the subsidiary both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) at Bangalore of the Company. These limits are guaranteed by the Company and personal guarantees of director of the subsidiary and his relative. The rate of interest as on 31 March 2018 varies from 11.25% to 11.50% (31 March 2017: 11.50% to 13.00%, 1 April 2016: 13%) per annum.
- The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 798.9 (31 March 2017: Rs. 739.97, 1 April 2016: Rs. 876.14) from The Jammu & Kashmir Bank Limited are repayable on demand and are secured by first pari passu charge on the stock and receivables of the subsidiary company. These limits are also secured by exclusive first charge on assets of KPAC unit at Chandigarh of the Parent Company. This is further secured by the first and exclusive charge over land and building, plant and machinery and office equipment of the Parwanoo unit of the Company. These loans are also guaranteed by the Company and personal guarantees of the director of the subsidiary

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company and his relative. The rate of interest as on 31 March 2018 varies from 11.40% to 12.40% (31 March 2017: 12.20% to 12.30%, 1 April 2016: 12.25%) per annum.

-The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs. 1,533.60 (31 March 2017: Rs. 1,946.19, 1 April 2016: Rs. 2,063.95) from Bank of Maharashtra are repayable on demand and are secured by first parri passu charge by way of hypothecation on entire current assets of the subsidiary. These limits are also secured by 360,000 shares of KDDL Limited held in the name of Sh. Yashovardhan Saboo and second parri passu charge on entire fixed assets of the subsidiary. Further, these limits are also guaranteed by the Parent Company and director of the subsidiary and his relative. The rate of interest as on 31 March 2018 is 11.50% (31 March 2017: 11.50%, 1 April 2016: Nil) per annum.

- (b) External commercial borrowing taken by subsidiary company Satva Jewellery & Design Limited amounting to Rs. Nil (31 March 2017: Rs. 29.51, 1 April 2016: Rs. Nil) is carrying interest rate of 2% above LIBOR.
- (c) Working capital borrowings from others amounting to Rs. 300.00 (31 March 2017: Rs. 300.00, 1 April 2016: Rs. Nil) carrying interest rate of 9.15% per annum are secured by first pari passu charge on current assets. The loan is also personally guaranteed by the Chairman and Mangaing Director of the Company and is repayable on demand.
- (d) Deposits from shareholders amounting to Rs. 88.24 (31 March 2017: Rs. 28.72, 1 April 2016: Rs. 104.01) carrying interest rates in the range of 8.5% per annum to 12.5% per annum are repayable in 6 months to 3 years from the respective dates of deposit.
- (e) Inter corporate deposits taken from Dream Digital Technology Limited amounting to Rs 100.00 (31 March 2017: Rs. Nil, 1 April 2016: Rs. Nil) carrying interest rate of 9.00% p.a. is repayable within one year.
- (f) - Buyers credit from Bank of India amounting to Rs. 84.69 (31 March 2017: Rs. 79.81, 1 April 2016: Rs. Nil) carrying interest rate 6 month libor plus 0.75% is secured against hypothecation of inventory and receivables is repayable on demand. Buyers credit from IDBI amounting to Rs. 295.13 (31 March 2017: Rs. 194.00, 1 April 2016: Rs. 77.07) carrying interest rate varying from 3 month libor plus 0.90% to 6 month libor plus 1.00% is secured against hypothecation of inventory and receivables is repayable on demand. Buyers credit from Corporation Bank amounting to Rs. Nil (31 March 2017: Rs. Nil, 1 April 2016: Rs. 136.14) carrying interest rate varying from 6 month libor plus 1.17% to 6 month libor plus 1.59% is secured against hypothecation of inventory and receivables is repayable on demand.
- Buyers credit from IDBI Bank Limited taken by subsidiary company, Ethos Limited amounting to Rs. 677.46 (31 March 2017 : Rs. 467.30; 1 April 2016 : Rs 385.00) are repayable on demand and are secured by first parri passu charge on all the current assets of the subsidiary company both present and future and second parri passu charge on the fixed assets of the Company both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) of the Company at Bangalore. These limits are guaranteed by the Company, personal guarantees of director of the Company and relative of the director. The rate of interest as on 31 March 2018 is 11.85% (31 March 2017 : 11.85 %; 1 April 2016 : 13%) per annum.

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Year ended 31 March 2018	Year ended 31 March 2017
Balance as at the beginning of the year (including current and non-current borrowings)	11,359.60	11,803.72
Changes from financing cash flows		
Proceeds from non-current borrowings*	4,348.08	1,643.97
Repayment of non-current borrowings*	(2,319.88)	(1,215.23)
Proceeds from/repayments of current borrowings (net)	411.23	(872.86)
Balance as at the end of the year (including current and non-current borrowings)	<u>13,799.03</u>	<u>11,359.60</u>

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

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	Non-Current			Current		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
20 Other financial liabilities						
Current maturities of non-current borrowings [refer note 19(i)]	-	-	-	2,847.30	1,789.36	1,693.15
Interest accrued	-	-	-	301.42	179.76	162.17
Unpaid dividends*	-	-	-	23.94	19.69	25.21
Capital creditors	-	-	-	569.83	74.20	74.87
Derivatives financial instruments (Fair value through Statement of Profit and Loss)	-	-	-	-	20.97	-
Employee related payables	-	-	-	1,041.38	974.27	825.30
Security deposit	5.69	9.55	-	-	-	-
	<u>5.69</u>	<u>9.55</u>	<u>-</u>	<u>4,783.87</u>	<u>3,058.25</u>	<u>2,780.70</u>

* not due for deposit to investor education and protection fund

21 Provisions

Provisions for employee benefits (refer note 41)

Liability for gratuity	61.55	48.46	154.44	28.52	48.50	36.98
Liability for compensated absences	252.98	217.56	196.21	47.54	33.38	24.37
	<u>314.53</u>	<u>266.02</u>	<u>350.65</u>	<u>76.06</u>	<u>81.88</u>	<u>61.35</u>

Other provisions

Provisions for warranties	20.89	12.55	8.85	5.26	3.59	2.15
	<u>20.89</u>	<u>12.55</u>	<u>8.85</u>	<u>5.26</u>	<u>3.59</u>	<u>2.15</u>
	<u>335.42</u>	<u>278.57</u>	<u>359.50</u>	<u>81.32</u>	<u>85.47</u>	<u>63.50</u>

Movement in other provisions	Warranties
Balance as on 1 April 2016	11.00
Provisions made during the period	7.29
Provisions utilised during the period	(2.15)
Balance as on 31 March 2017	16.14
Provisions made during the period	13.57
Provisions utilised during the period	(3.56)
Balance as on 31 March 2018	26.15

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when the claim will arise. Any recovery of cost incurred is netted off against the relevant cost.

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	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
22 Trade payables			
Other trade payables to related parties (refer to note 42)	48.56	404.57	167.20
Other trade payables	<u>8,578.65</u>	<u>6,756.32</u>	<u>7,593.20</u>
	<u>8,627.21</u>	<u>7,160.89</u>	<u>7,760.40</u>
23 Other current liabilities			
Advance from customers	828.02	564.53	257.07
Statutory dues	238.24	485.55	460.34
Deferred revenue	<u>183.96</u>	<u>143.77</u>	<u>135.22</u>
	<u>1,250.22</u>	<u>1,193.85</u>	<u>852.63</u>
24 Current tax liabilities (net)			
Provision for income tax (net of advance tax of Rs. 1173.91 (31 March 2017: Rs. 780.44, 1 April 2016: Rs. 318.74))	418.70	51.46	54.21
	<u>418.70</u>	<u>51.46</u>	<u>54.21</u>

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	Year ended 31 March 2018	Year ended 31 March 2017
25 Revenue from operations		
Sale of products (including excise duty to the extent applicable)	49,007.97	44,796.71
Sale of services	673.35	530.23
Other operating revenue		
Export incentives	288.65	254.09
Scrap sales	348.06	262.56
	<u>50,318.03</u>	<u>45,843.59</u>
26 Other income		
Interest income		
Fixed deposits with banks	49.82	60.18
Interest income from related parties (refer note 42)	13.66	-
Interest income from others	116.88	137.01
Dividend income	0.23	-
Other non-operating income (net of expenses)		
Rental income	11.27	16.47
Liabilities/ Provision no longer required written back	98.28	61.76
Exchange gain on foreign exchange fluctuations (net)	-	157.59
Net gain on sale of property, plant and equipment	160.61	0.19
Miscellaneous income*	71.54	22.19
	<u>522.29</u>	<u>455.39</u>
* includes insurance claim received of Rs. Nil (previous year Rs. 15.8)		
27 Cost of materials consumed		
Inventory of material at the beginning of the year	3,000.49	1,145.80
Purchases of raw materials and components	2,173.98	2,977.11
	5,174.47	4,122.91
Inventory of material at the end of the year	1,410.04	1,122.42
	<u>3,764.43</u>	<u>3,000.49</u>
28 Purchase of stock-in-trade		
Purchase of stock-in-trade	27,240.22	25,655.33
	<u>27,240.22</u>	<u>25,655.33</u>
29 Changes in inventories of finished goods, stock-in-trade and work-in-progress		
Opening stock		
Work-in-progress	667.64	600.83
Finished goods	83.33	93.44
Stock-in-trade	16,898.58	16,520.94
	<u>17,649.55</u>	<u>17,215.21</u>

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	Year ended 31 March 2018	Year ended 31 March 2017
<i>Less:</i>		
Closing stock		
Work-in-progress	977.64	667.64
Finished goods	99.47	83.33
Stock-in-trade	<u>17,387.87</u>	<u>16,898.58</u>
	18,464.98	17,649.55
Add : Increase/(decrease) in excise duty on finished goods (as applicable)	-	(1.81)
	<u>(815.43)</u>	<u>(436.15)</u>
30 Employee benefits expense		
Salaries, wages and bonus	5,891.29	5,365.45
Contributions to provident and other funds	445.97	376.70
Share based payment expense	11.76	19.82
Staff welfare expenses	<u>314.02</u>	<u>285.70</u>
	6,663.04	6,047.67
31 Finance costs		
Interest expense on financial liabilities measured at amortised cost	1,078.31	1,348.94
Other borrowing costs	<u>124.61</u>	<u>81.73</u>
	1,202.92	1,430.67
32 Depreciation and amortisation expense		
Depreciation on property, plant and equipment (refer note 3)	1,174.82	1,105.13
Amortisation of other intangible asset (refer note 4)	<u>38.43</u>	<u>55.53</u>
	1,213.25	1,160.66
33 Other expenses		
Stores and spares consumed	704.45	592.64
Power, fuel and water charges	492.38	446.85
Contractual labour expenses	540.68	364.43
Insurance	52.60	68.10
Rent (refer note 44)	2,619.11	2,922.17
Rates and taxes	25.63	41.92
Repair and maintenance	439.63	457.05
Legal and professional fees	657.19	492.23
Travelling and conveyance	584.23	516.67
Job charges	487.44	368.33
Printing and stationery	61.67	49.26

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

	Year ended 31 March 2018	Year ended 31 March 2017
Communication expenses	274.80	262.24
Commission	149.48	191.43
Events and exhibitions	86.76	51.34
Publicity and advertisement	717.62	855.89
Property, plant and equipment written off	40.30	71.36
Expected credit allowance on trade receivables	-	5.97
Donation	6.82	3.85
Advances / deposits written off	56.25	2.26
Provision for warranty (refer note 21)	10.01	5.14
Bank charges	292.76	299.52
Directors' sitting fees	22.37	20.01
Security service charges	78.93	73.84
Service cost expense	71.40	41.64
Net change in fair value of financial assets (at FVTPL)	-	2.62
Corporate social responsibility expenditure	21.60	18.00
Miscellaneous expenses	373.79	342.92
Exchange loss on foreign exchange fluctuations (net)	33.75	-
	8,901.65	8,567.67
34 Tax expense		
<i>A. Amounts recognised in statement of profit and loss</i>		
Current tax		
Current year	743.44	348.84
Changes in estimates related to prior years	-	5.16
	743.44	354.00
Deferred tax		
Attributable to-		
Origination and reversal of temporary differences	(36.08)	(181.57)
	(36.08)	(181.57)
Tax expense for the year	707.36	172.43
<i>B. Reconciliation of effective tax rate</i>		
Profit before tax	2,527.02	352.53
Tax at the Indian tax rate of 34.61% (previous year 34.61%)	874.55	122.00
Effect of expenses that are not deductible in determining taxable profit	26.30	34.63
Tax exempt income	(55.58)	-
Effect of change in tax rate	(135.48)	-
Others	(2.44)	15.78
Income tax expenses recognised in statement of profit and loss	707.35	172.41

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

	Year ended 31 March 2018	Year ended 31 March 2017
C. Income tax recognised in other comprehensive income		
<i>Arising on income and expenses recognised in other comprehensive income</i>		
Remeasurement of defined benefit liability (asset)	9.71	8.23
Exchange differences on translation of foreign operations	-	-
	<u>9.71</u>	<u>8.23</u>
<i>Bifurcation of the income tax recognised in other comprehensive income into</i>		
Items that will not be reclassified to profit or loss	9.71	8.23
Items that will be reclassified to profit or loss	-	-
	<u>9.71</u>	<u>8.23</u>
35 Earning per share		
A. Basic earnings per share		
<i>i. Profit/(loss) for basic earning per share of Rs. 10 each</i>		
Profit for the year	1,817.05	185.48
<i>ii. Weighted average number of equity shares (for basic)</i>		
Balance at the beginning of the year	10,844,704	10,283,734
Effect of fresh issue of shares	5,118	227,449
	<u>10,849,822</u>	<u>10,511,183</u>
Basic Earnings per share (face value of Rs. 10 each)	16.75	1.76
B. Diluted earnings per share		
<i>i. Profit/(loss) for diluted earning per share of Rs. 10 each</i>		
Profit for the year	1,817.06	185.50
<i>ii. Weighted average number of equity shares (for diluted)</i>		
Balance at the beginning of the year	10,844,704	10,283,734
Effect of fresh issue of shares	5,118	227,449
Effect of employee stock options*	11,228	8,858
	<u>10,861,050</u>	<u>10,520,041</u>
Diluted earnings per share (face value of Rs. 10 each)	16.73	1.76

* 9,762 options (previous year 12,142 options) were excluded from calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

36 Explanation to transition to Ind AS

As stated in Note 2(a)(i), these are the Group and its associates first financial statements prepared in accordance with Ind AS. For all periods up to and for the period ended 31 March 2017, the Group and its associates had prepared its financial statements in accordance with the Companies (Accounts) Rules, 2014, as notified under section 133 of the Companies Act 2013, and other relevant provisions of the Act (Previous GAAP).

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Group and its associates have adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group and its associates in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group and its associate's financial position, financial performance and cash flows.

A. Optional exemptions

(i) Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Group and its associate has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value. Information relating to gross carrying amount of assets and accumulated depreciation as on the transition date as per previous GAAP is as follows:

Property, plant and equipment

	Freehold land	Leasehold land	Buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Office equipment	Vehicles	Total
Gross carrying amount as at 1 April 2016	82.63	584.98	1,881.01	1,155.09	9,914.67	1,725.85	257.19	416.50	16,017.92
Accumulated depreciation as at 1 April 2016	-	16.82	(634.95)	(723.26)	(5,607.69)	(969.47)	(171.27)	(230.29)	(8,320.11)
Deemed cost as at 1 April 2016	82.63	601.80	1,246.06	431.83	4,306.98	756.38	85.92	186.21	7,697.81

Intangible assets

	Technical know-how	Software	Web portal	Goodwill	Total
Gross carrying amount as at 1 April 2016	156.42	438.72	72.99	49.48	717.61
Accumulated amortisation as at 1 April 2016	(152.26)	(303.68)	(59.96)	(49.48)	(565.38)
Deemed cost as at 1 April 2016	4.16	135.04	13.03	-	152.23

(ii) Investments in joint ventures

The Group and its associates has elected to measure the investment in the joint venture in Satva Jewellery and Design Limited in the consolidated financial statements at the deemed cost of the investment at the date of transition to Ind AS. Accordingly, the investment has been measured at the aggregate of the carrying amounts of the assets and liabilities that had been previously proportionately consolidated under the Previous GAAP for year ended 31 March 2016.

(ii) Business combinations

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures and transactions which are considered businesses for Ind AS, that occurred before 1

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

April 2016. The carrying amounts of assets and liabilities in accordance with Previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurement is in accordance with Ind AS. The carrying amount of goodwill in the opening Ind AS Balance Sheet is its carrying amount in accordance with the Previous GAAP.

B. Mandatory exceptions

(i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS (i.e 1 April 2016) or at the end of the comparative information period presented in the entity's first Ind AS financial statements (i.e 31 March 2017), shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any difference in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates the were not required under previous GAAP, those estimates should be made to reflect conditions that exist at the transition date or at the end of the comparative period.

The Group and its associate's estimates under Ind AS are consistent with the above requirement. The key estimates considered in preparation of financial statements that was not required under previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL
- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on expected credit loss model

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of the facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group and its associates has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transaction to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from the date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financials assets and liabilities derecognised as a result of past transaction was obtained at the time of initially accounting for those transactions.

As permitted by Ind AS 101, the Group and its associates has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

C. Reconciliation of equity

Particulars	Note	As at 1 April 2016 (Transition date)			As at 31 March 2017		
		Previous GAAP*	Transition to Ind AS	Ind AS	Previous GAAP*	Transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	(b)	7,755.36	(57.55)	7,697.81	7,796.68	-	7,796.68
Capital work-in-progress		295.24	-	295.24	481.25	-	481.25
Other intangible assets		152.23	-	152.23	107.32	-	107.32
Equity accounted investees	(b)	27.14	25.44	52.58	28.06	-	28.06
Financial assets					-		
- Investments	(a), (b)	51.75	(0.47)	51.28	51.75	(3.09)	48.66
- Loans	(b), (c), (d)	1,243.04	(286.04)	957.00	1,076.13	(219.29)	856.84
- Other financial assets		168.17	-	168.17	85.86	-	85.86
Current tax assets	(b)	604.92	(0.27)	604.65	709.59	-	709.59
Deferred tax assets (net)	(n)	284.92	-	284.92	456.44	71.41	527.85
Other non-current assets	(c), (d), (l)	365.04	207.00	572.04	447.56	201.30	648.86
Total non-current assets		10,947.81	(111.89)	10,835.92	11,240.64	50.33	11,290.97
Current assets							
Inventories	(e)	18,496.72	142.26	18,638.98	18,797.07	223.19	19,020.26
Financial assets							
- Trade receivable	(e)	2,585.87	(222.24)	2,363.63	2,962.16	(348.54)	2,613.63
- Cash and cash equivalents	(b)	617.98	(0.21)	617.77	1,156.35	-	1,156.35
- Other bank balances	(b)	455.00	(4.64)	450.36	867.32	-	867.32
- Loans	(b)	482.76	(11.30)	471.46	414.31	(11.30)	403.01
- Other financial assets	(g)	90.39	6.09	96.48	31.70	-	31.70
Other current assets	(d), (g)	765.65	71.49	837.14	723.74	5.33	729.07
Total current assets		23,494.37	(18.55)	23,475.82	24,952.65	(131.32)	24,821.34
Total assets		34,442.18	(130.44)	34,311.74	36,193.30	(80.99)	36,112.31
Equity and Liabilities							
Equity							
Equity share capital		1,017.20	-	1,017.20	1,092.67	-	1,092.67
Other equity		7,267.57	359.74	7,627.31	9,118.94	524.43	9,643.40
Equity attributable to owners of the Company		8,284.77	359.74	8,644.51	10,211.66	524.43	10,736.07
Non-controlling interests		3,282.41##	-	3,282.41	3,496.36##	15.16	3,511.52
Total equity		11,567.18	359.74	11,926.92	13,708.02	539.59	14,247.59

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

Particulars	As at 1 April 2016 (Transition date)			As at 31 March 2017			
	Note	Previous GAAP*	Transition to Ind AS	Ind AS	Previous GAAP*	Transition to Ind AS	Ind AS
Liabilities							
Non-current liabilities							
Financial liabilities							
- Borrowings	(l)	3,304.88	(10.20)	3,294.68	3,636.93	(9.72)	3,627.21
- Other financial liabilities	(m)	281.03	(281.03)	-	310.03	(300.48)	9.55
Provisions		359.50	-	359.50	278.57	-	278.57
Deferred tax liabilities (net)	(m), (n)	589.08	(185.77)	403.31	807.02	(350.58)	456.44
Total non-current liabilities		4,534.49	(477.00)	4,057.49	5,032.55	(660.78)	4,371.77
Current liabilities							
Financial liabilities							
- Borrowings	(b)	6,839.91	(24.02)	6,815.89	5,943.03	-	5,943.03
- Trade payables	(b)	7,777.37	(16.97)	7,760.40	7,160.89	-	7,160.89
- Other financial liabilities	(g)	2,780.70	-	2,780.70	3,037.28	20.97	3,058.25
Other current liabilities	(b), (f), (g)	824.82	27.81	852.63	1,174.62	19.23	1,193.85
Provisions		63.50	-	63.50	85.47	-	85.47
Current tax liabilities (net)		54.21	-	54.21	51.46	-	51.46
Total current liabilities		18,340.51	(13.18)	18,327.33	17,452.75	40.20	17,492.95
Total liabilities		22,875.00	(490.18)	22,384.82	22,485.30	(620.58)	21,864.72
Total equity and liabilities		34,442.18	(130.44)	34,311.74	36,193.29	(80.99)	36,112.31

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Includes revaluation surplus of Rs. 117.28 as transferred to retained earnings in accordance with Ind AS 101.

Includes reclassification of Rs. 128.88 towards adjustment from non-controlling interest to retained earnings.

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

D. Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Note	As at 31 March 2017		Ind AS
		Previous GAAP*	Transition to Ind AS	
Revenue from operations	(b), (e), (f), (o)	45,474.82	368.77	45,843.59
Other income	(b), (d)	385.16	70.23	455.39
Total income		45,859.97	439.01	46,298.98
Expenses				
Cost of materials consumed		3,000.49	-	3,000.49
Excise duty on sales	(o)	-	520.10	520.10
Purchase of stock-in-trade		25,655.33	-	25,655.33
Changes in inventories of finished goods and work in progress	(e)	(355.22)	(80.93)	(436.15)
Employee benefits expense	(h)	6,067.90	(20.23)	6,047.67
Finance costs	(b)	1,423.05	7.62	1,430.67
Depreciation and amortization expense	(b)	1,166.70	(6.04)	1,160.66
Other expenses	(a), (b), (c), (d), (f), (g), (l), (m)	8,493.36	74.32	8,567.68
Total expenses		45,451.61	494.84	45,946.45
Profit before share of equity accounted investees and income tax		408.36	(55.83)	352.53
Share of profit of equity accounted investees (net of income tax)	(b)	0.91	4.47	5.38
Profit before income tax		409.27	(51.36)	357.91
Income tax expense:				
Current tax				
- Current year		348.84	-	348.84
- Changes in estimates related to previous year		5.16	-	5.16
Deferred tax	(m), (n)	46.40	(227.97)	(181.57)
Profit for the year		8.88	176.60	185.48
Other comprehensive income / (expense)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of defined benefit liability / (asset)	(k)	-	(26.13)	(26.13)
Income tax on remeasurement of defined benefit liability / (asset)	(k)	-	8.23	8.23
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(j)	-	(43.42)	(43.42)
Income tax on exchange differences on translation of foreign operations		-	-	-
Other comprehensive income / (expense) for the year		-	(61.33)	(61.32)
Total comprehensive income / (expense) for the year		8.88	115.28	124.16

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

E. Statement of Cash Flows

Other than effect of certain reclassifications due to difference in presentation, there was no other material effect of cash flow from operating, financing, investing activities for all periods presented.

Notes to reconciliation:

(a) Investments in equity shares of other companies

Under Previous GAAP, the investments in equity shares of other companies were measured at cost or market value, whichever is lower. Under Ind AS, the Company has designated these investments at fair value through profit or loss (FVTPL). Accordingly, these investments are required to be measured at fair value.

The impact arising from the change is as follows:

	<u>Increase/ (decrease)</u>	
Statement of Profit and Loss	Year ended	
	31 March 2017	
Net change in fair value of financial assets (at FVTPL)		(2.62)
Adjustment before income tax - Profit / (loss)		(2.62)
Balance sheet	As at	As at
	31 March 2017	1 April 2016
Asset: Investments (Non-current)	(3.09)	(0.47)
Adjustment to retained earnings	(3.09)	(0.47)

(b) Investment in the joint venture using equity method:

Under Previous GAAP, the investment in the joint venture in Satva Jewellery and Design Limited ("Satva") was proportionately consolidated along with the consolidated assets and liabilities. Under Ind AS, the investment in Satva will be measured using the equity method. At the date of transition to Ind AS, the following previously proportionately consolidated assets and liabilities and items of Income and expenditure under Previous GAAP have been aggregated into a single line investment balance in the joint venture at the date of transition to Ind AS.

The impact arising from the change is as follows:

	<u>Increase/ (decrease)</u>	
Statement of Profit and Loss	Year ended	
	31 March 2017	
The following items of income and expenditure were previously proportionately consolidated under Previous GAAP:		
Revenue from operations		(16.48)
Other income		(1.19)
Finance costs		6.62
Depreciation and amortization expense		6.04
Other expenses		0.54
Share of profit of joint venture in current year		4.47
Adjustment before income tax - Profit / (loss)		-

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

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

Balance sheet	As at 31 March 2017	As at 1 April 2016
The following items of assets and liabilities were previously proportionately consolidated under Previous GAAP:		
Asset: Property, plant and equipment	-	(57.55)
Asset: Loans	-	(0.52)
Asset: Cash and cash equivalents	-	(0.21)
Asset: Other bank balances	-	(4.64)
Asset: Other financial assets	-	(3.49)
Asset: Income tax asset (net)	-	(0.27)
Asset: Investments (non-current)	-	25.44
Liabilities: Borrowings	-	(24.02)
Liabilities: Trade payables	-	(16.97)
Liabilities: Other current liabilities	-	(0.25)
Adjustment to retained earnings	-	-

C. Loans to employees

Under the previous GAAP, loans to employees are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued the loans to employees under Ind AS.

The impact arising from the change is as follows:

	<u>Increase/ (decrease)</u> Year ended 31 March 2017
Statement of Profit and Loss	
Net change in fair value of financial assets (at FVTPL)	-
Adjustment before income tax - Profit / (loss)	-

Balance sheet	As at 31 March 2017	As at 1 April 2016
Asset: Loans	(12.80)	(12.24)
Asset: Prepaid expense (other non-current assets)	14.68	14.12
Adjustment to retained earnings	1.88	1.88

(d) Security deposit

Under the previous GAAP, interest free security deposits are recorded at their transaction value. On transition to Ind AS, these security deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expenses uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued.

The impact arising from the change is as follows:

	<u>Increase/ (decrease)</u> Year ended 31 March 2017
Statement of Profit and Loss	
Interest income from financial assets at amortised cost	80.68
Rent expense	(86.17)
Adjustment before income tax - Profit / (loss)	(5.49)

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

Balance sheet	As at 31 March 2017	As at 1 April 2016
Asset: Loans	(217.79)	(284.58)
Asset: Prepaid expense (other non-current assets)	187.00	193.82
Asset: Prepaid expense (other current assets)	14.00	79.46
Adjustment to retained earnings	(16.79)	(11.30)

(e) Deferment of revenue recognition

Under Previous GAAP, revenue is recognised when the seller has transferred the property in goods. Under Ind AS, when the receipt of the revenue from a particular sale is contingent on the ultimate collection by the buyer from the ultimate sale of the goods then revenue is not recognised as the entity is deemed to continue to retain significant risks of ownership.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease) Year ended 31 March 2017
Sale of product (gross)	(126.30)
Changes in inventories of finished goods and work in progress	80.93
Adjustment before income tax - Profit / (loss)	(45.37)

Balance sheet	As at 31 March 2017	As at 1 April 2016
Asset: Inventories	223.19	142.26
Asset: Trade receivable	(348.54)	(222.24)
Adjustment to retained earnings	(125.35)	(79.98)

(f) Deferred revenue-customer loyalty program

The Group operates a loyalty points programme, which allows customers to accumulate points when they purchase products in the Company's retail stores. Under previous GAAP, the Group creates a provision toward its liability under the customer loyalty program. Under Ind AS, consideration received is allocated between the products sold (watches) and the points issued, with the consideration allocated to points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease) Year ended 31 March 2017
Sale of product (gross)	(8.54)
Publicity and advertisement	5.72
Adjustment before income tax - Profit / (loss)	(2.82)

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

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

Balance sheet	As at 31 March 2017	As at 1 April 2016
Liabilities: Deferred revenue	47.44	44.62
Adjustment to retained earnings	(47.44)	(44.62)

(g) Derivative instruments - foreign exchange forward contracts

Under previous GAAP, derivatives (forward exchange contract) were being restated at closing rate as on the reporting date. Under Ind AS, these derivatives are being measured at fair value i.e. valued at mark to market price.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease) Year ended 31 March 2017
Fair Value loss on foreign exchange forward contracts	(19.59)
Adjustment before income tax - Profit / (loss)	(19.59)

Balance sheet	As at 31 March 2017	As at 1 April 2016
Assets: Foreign exchange forward contracts (other financial assets)	-	9.58
Assets: Unamortized premium on forward contracts (other current assets)	(8.67)	(7.97)
Liabilities: Forward contract payable (other current liabilities)	(28.22)	(16.56)
Liabilities: Foreign exchange forward contracts (other financial liabilities)	20.97	-
Adjustment to retained earnings	(1.42)	18.17

(h) Employee stock options outstanding reserve

Under the previous GAAP, the cost of equity-settled employee share based plan were recognized using the intrinsic value method. Under Ind AS, the cost of equity settled share based plan is recognized based on the fair value of the options as at the grant date.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease) Year ended 31 March 2017
Employee benefit expense	25.86
Adjustment before income tax - Profit / (loss)	25.86

Balance sheet	As at 31 March 2017	As at 1 April 2016
Other equity: Share based payment reserve	94.62	68.76
Adjustment to retained earnings	(94.62)	(68.76)

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

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

(i) Government grant

Under previous GAAP, the government grants relating to property, plant and equipment were recognized as capital reserve. Under Ind AS, such grants are recognized as deferred income and credited to Statement of Profit and Loss on a systematic basis over the useful life of asset. As at the date of transition, such grants have been adjusted against retained earnings. This has not resulted in any change in the total equity as at 31 March 2016 and 31 March 2017.

The impact arising from the change is as follows:

Balance sheet	As at 31 March 2017	As at 1 April 2016
Equity: Other equity (Investment subsidy)	(55.00)	(55.00)
Adjustment to retained earnings	55.00	55.00

(j) Adjustments pertaining to Translation Differences

Under previous GAAP, the translation difference arising from conversion of functional currency of the subsidiaries to reporting currency of the parent company was transferred to Foreign Currency Translation Reserve. Under Ind AS, the translation difference is transferred to other comprehensive income.

(k) Defined Benefit Plans

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets on the net defined benefit obligation are recognized in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, actuarial loss (net of tax) amounting to Rs. 39.13 has been recognized in other comprehensive income instead of profit or loss. There is no impact on the total equity as at 01 April 2016 and 31 March 2017.

(l) Borrowings

Under Previous GAAP, the transaction costs incurred towards origination of borrowings were charged to Statement of Profit and Loss as and when incurred. Under Ind AS, these transaction costs are to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in the Statement of Profit and Loss over the tenure of the borrowing by applying the effective interest rate method.

The impact arising from the change is as follows:

Statement of Profit and Loss	<u>Increase/ (decrease)</u> Year ended 31 March 2017	
Other expenses	0.08	
Adjustment before income tax - Profit / (loss)	0.08	

Balance sheet	As at 31 March 2017	As at 1 April 2016
Asset: Prepaid expense (other non-current assets)	(0.38)	(0.94)
Liabilities: Borrowings (Non-current)	(9.72)	(10.20)
Adjustment to retained earnings	9.34	9.26

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(m) *Reversal of lease equalisation reserve*

Under Previous GAAP, lease rentals on operating leases were required to be recognised as expense on straight line basis over the lease term by recognising corresponding lease equalisation reserve. There is no such requirement unless specific circumstances as specified under Ind AS.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease)	
	Year ended	
	31 March 2017	
Rent expense		(19.45)
Deferred tax charge/(credit)		6.73
		12.72
Adjustment before income tax - Profit / (loss)		
	As at	As at
Balance sheet	31 March 2017	1 April 2016
Liabilities: Deferred lease rental (other financial liabilities)	(300.48)	(281.03)
Liabilities: Deferred tax liabilities (net)	103.98	97.26
Adjustment to retained earnings	196.50	183.77

(n) *Deferred taxes*

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (decrease)	
	Year ended	
	31 March 2017	
Deferred tax charge/(credit)		(242.93)
		(242.93)
Adjustment before income tax - Profit / (loss)		
	As at	As at
Balance sheet	31 March 2017	1 April 2016
Assets: Deferred tax assets (net)	71.41	-
Liabilities: Deferred tax liabilities (net)	(597.37)	(283.03)
Adjustment to retained earnings	525.96	283.03

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(o) Excise duty on sales

Under Previous GAAP, excise duty was netted off against sale of goods. Under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

The impact arising from the change is as follows:

	<u>Increase/ (decrease)</u>
Statement of Profit and Loss	Year ended
	31 March 2017
Revenue from operations	(520.10)
Excise duty	520.10
Adjustment before income tax - Profit / (loss)	-

F. Total equity reconciliation

	Note	As at	As at
		31 March 2017	1 April 2016
Reported earlier under Previous GAAP		13,708.00	11,567.18
Investment	(a), (b)	(3.09)	(0.47)
Loans to employees	(c)	1.88	1.88
Security deposit	(d)	(16.79)	(11.30)
Deferment of revenue recognition	(e)	(125.35)	(79.98)
Deferred revenue-customer loyalty program	(f)	(47.44)	(44.62)
Derivatives	(g)	(1.42)	18.17
Borrowings	(l)	9.34	9.26
Reversal of lease equalisation reserve	(m)	196.50	183.77
Tax adjustments	(n)	525.96	283.03
		14,247.59	11,926.92

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37 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities including their level in the fair value hierarchy:

	Note	Level of hierarchy	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets											
Non-current											
Investment in equity shares - other companies	(i)	3	48.66	-	-	48.66	-	-	51.28	-	-
Loans	(ii)	3	-	-	1,060.62	-	-	856.84	-	-	957.00
Other financial assets	(ii)	3	-	-	224.32	-	-	85.86	-	-	168.17
Current											
Trade receivable	(iii)	3	-	-	3,264.21	-	-	2,613.63	-	-	2,363.63
Cash and cash equivalents	(iii)	3	-	-	1,127.60	-	-	1,156.35	-	-	617.77
Other bank balances	(iii)	3	-	-	672.96	-	-	867.32	-	-	450.36
Loans	(iii)	3	-	-	444.30	-	-	403.01	-	-	471.46
Other financial assets	(iii), (iv)	2	-	-	41.30	-	-	31.70	9.58	-	86.90
Total financial assets			48.66	-	6,835.31	48.66	-	6,014.71	60.86	-	5,115.29
Financial liabilities											
Non-current											
Borrowings (including current maturities)	(v)	3	-	-	7,444.77	-	-	5,416.57	-	-	4,987.83
Other financial liabilities	(iv)	3	-	-	5.69	-	-	9.55	-	-	-
Current											
Borrowings	(v)	3	-	-	6,354.26	-	-	5,943.03	-	-	6,815.89
Trade payables	(iii)	3	-	-	8,627.21	-	-	7,160.89	-	-	7,760.40
Other financial liabilities	(iii), (iv)	2	-	-	1,936.57	20.97	-	1,247.92	-	-	1,087.55
Total financial liabilities			-	-	24,368.50	20.97	-	19,777.96	-	-	20,651.67

Notes:

- (i) The fair value in respect of unquoted equity investments cannot be reliably estimated. The Group has currently measured them at net book value as per the latest audited financial statements available.
- (ii) Fair value of non-current financial assets and liabilities has not been disclosed as there is no significant differences between carrying value and fair value.
- (iii) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (iv) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs include the credit quality of counter-parties and foreign exchange forward rates.
- (v) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates

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Particulars	Level	Fair value			Amortised cost		
		As at	As at	As at	As at	As at	As at
		31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
Non-current borrowings (including current maturities)	3	7,285.34	5,365.45	4,899.35	7,444.77	5,416.57	4,987.83

There are no transfers between Level 1, Level 2 and Level 3 during the years ended 31 March 2018 and 31 March 2017.

Reconciliation of Level 3 fair value measurement:

	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance	48.66	51.28
Gain/ (loss) recognized in Statement of profit and loss	-	(2.62)
Closing balance	<u>48.66</u>	<u>48.66</u>

B. Financial risk management

(i) Risk Management framework

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

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

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see (ii))
- liquidity risk (see (iii))
- market risk (see (iv))
- product prices risk (see (v))

(ii) Credit Risk

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Investments	48.66	48.66	51.28
Trade receivables	3,264.21	2,613.63	2,363.63
Loans	1,504.92	1,259.85	1,428.46
Cash and cash equivalents	1,127.60	1,156.35	617.77
Other bank balances	672.96	867.32	450.36
Other financial assets	265.62	117.56	264.65
	<u>6,883.97</u>	<u>6,063.37</u>	<u>5,176.15</u>

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The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Group and existence of previous financial difficulties. The Group's retail business is predominantly on cash and carry basis which is largely through credit-card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks.

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Within India	1,520.32	1,228.73	1,291.03
Outside India	1,743.89	1,384.90	1,072.60
	3,264.21	2,613.63	2,363.63

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

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

Particulars	Gross carrying amount	Loss allowance	Carrying amount
31 March 2018			
Less than 6 Months	3,150.40	-	3,150.40
More than 6 Months	120.61	6.80	113.81
	3,271.01	6.80	3,264.21
31 March 2017			
Less than 6 Months	2,581.33	-	2,581.33
More than 6 Months	41.09	8.79	32.30
	2,622.42	8.79	2,613.63
1 April 2016			
Less than 6 Months	2,300.83	-	2,300.83
More than 6 Months	71.89	9.09	62.80
	2,372.72	9.09	2,363.63

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

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	8.79	9.09
Amounts written off	(2.09)	(1.61)
Impairment loss recognised	0.10	1.31
Balance as at the end of the year	6.80	8.79

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

(iii) Liquidity Risk

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

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

The following table provides details regarding the contractual maturities of significant financial liabilities:

	Less than 1 Year	1 to 2 Years	2 to 5 Years	Total
31 March 2018				
Non-derivative financial liabilities				
Borrowings (including current maturities)	6,354.26	2,847.30	4,601.98	13,803.54
Trade payables	8,627.21	-	-	8,627.21
Other financial liabilities	1,936.57	-	5.69	1,942.26
Derivative financial liabilities				
Forward contracts	-	-	-	-
	16,918.04	2,847.30	4,607.67	24,373.01
31 March 2017				
Non-derivative financial liabilities				
Borrowings (including current maturities)	5,943.03	1,789.36	3,617.49	11,345.88
Trade payables	7,160.89	-	-	7,160.89
Other financial liabilities	1,247.92	-	9.55	1,257.47
Derivative financial liabilities				
Forward contracts	20.97	-	-	20.97
	14,372.81	1,789.36	3,627.04	19,789.21

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	Less than 1 Year	1 to 2 Years	2 to 5 Years	Total
1 April 2016				
Non-derivative financial liabilities				
Borrowings (including current maturities)	6,815.89	1,693.15	3,284.48	11,793.52
Trade payables	7,760.40	-	-	7,760.40
Other financial liabilities	1,087.55	-	-	1,087.55
Derivative financial liabilities				
Forward contracts	-	-	-	-
	15,663.84	1,693.15	3,284.48	20,641.47

(iv) Market Risk

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

a. Interest rate risk

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

Exposure to interest rate risk

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fixed rate borrowings	8,994.80	6,506.21	6,079.89
Floating rate borrowings	4,808.74	4,843.67	5,713.63
Total borrowings (gross of transaction cost)	13,803.54	11,349.88	11,793.52

Interest rate sensitivity analysis

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

	Profit or Loss	
	Strengthening	Weakening
For the year ended 31 March 2018		
Interest rate (0.5% movement)	(24.05)	24.05
For the year ended 31 March 2017		
Interest rate (0.5% movement)	(24.22)	24.22

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

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b. Foreign currency risk

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

Unhedged foreign currency exposure

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

Assets	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade receivables			
HKD	7.77	5.38	4.00
USD	132.43	151.12	120.24
EUR	119.85	15.77	15.98
CHF	1,215.78	968.03	926.14
GBP	0.82	-	0.50
Liabilities			
Borrowings			
USD	379.82	273.81	213.21
Trade payables			
HKD	13.67	23.65	31.61
USD	69.79	32.71	48.71
EUR	70.36	9.43	10.13
CHF	2,442.84	1,730.40	1,010.56
JPY	-	8.58	0.75
GBP	0.95	-	-
SGD	75.55	20.41	34.88
Net exposure in respect of recognised assets and liabilities (in Rs.)	(1,576.33)	(958.69)	(282.99)

Significant forward contracts outstanding as at the end of the year

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Imports			
CHF	-	-	424.75
USD	687.89	499.70	403.51

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Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2018 and 31 March 2017 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
HKD (1% movement)	(0.06)	0.06	0.04	(0.04)
USD (1% movement)	(3.17)	3.17	2.07	(2.07)
EUR (1% movement)	0.49	(0.49)	(0.32)	0.32
CHF (1% movement)	(12.27)	12.27	8.02	(8.02)
JPY (1% movement)	-	-	-	-
GBP (1% movement)	-	-	-	-
SGD (1% movement)	(0.76)	0.76	0.49	(0.49)
31 March 2017				
HKD (1% movement)	(0.18)	0.18	0.12	(0.12)
USD (1% movement)	(1.55)	1.55	1.02	(1.02)
EUR (1% movement)	0.06	(0.06)	(0.04)	0.04
CHF (1% movement)	(7.62)	7.62	4.99	(4.99)
JPY (1% movement)	(0.09)	0.09	0.06	(0.06)
SGD (1% movement)	-	-	-	-
GBP (1% movement)	-	-	-	-
SEK (1% movement)	(0.20)	0.20	0.13	(0.13)

(v) Product price risk

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

38 Capital Management

(i) Risk management

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

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

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total liabilities	26,832.48	21,864.72	22,384.82
Less: cash and cash equivalents and other bank balances	1,800.56	2,023.67	1,068.13
Adjusted net debt	25,031.92	19,841.05	21,316.69
Total equity	16,165.09	14,247.59	11,926.92
Net debt to total equity ratio	1.55	1.39	1.79

(ii) Dividends

	31 March 2018	31 March 2017
Equity shares		
Final dividend for the year ended 31 March 2017 of Rs. 1.50 (1 April 2016 of Rs. 1.50) per fully paid equity shares	195.70	151.28
Dividend not recognised at the end of the reporting period	330.10	195.70

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 2.50 (31 March 2017: Rs. 1.50) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

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39 Non-controlling interest (NCI)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

As at 31 March 2018

Particulars	Ethos Limited	Pylania SA	Mahen Distribution Limited
NCI Percentage	21.32%	15.00%	1.28%
Non-current assets	4,006.46	574.55	840.03
Current assets	20,975.72	448.35	499.32
Non-current liabilities	1,251.53	-	150.00
Current liabilities	14,569.69	926.30	521.69
Net Assets	9,160.96	96.60	667.66
Preference share capital	750.00	-	-
Arrears of preference dividend	354.51	-	-
Exchange differences on translation of foreign operations	-	123.84	-
	8,056.45	220.44	667.66
Net assets attributable to NCI (including preference share capital and its arrears attributable to NCI)	2,785.53	172.18	8.56
Revenue	35,609.19	740.60	589.36
Profit / (Loss) for the year	399.63	126.27	(37.96)
OCI	4.40	42.59	-
Total Comprehensive income	404.03	168.86	(37.96)
Profit / (Loss) allocated to NCI	86.46	18.94	(0.49)
OCI allocated to NCI	0.47	6.39	-
Total Comprehensive income allocated to NCI	86.93	25.33	(0.49)
Cash flows from operating activities	(114.94)	110.91	22.96
Cash flows from investing activities	(1,178.79)	52.90	-
Cash flows from financing activities	1,106.66	(81.33)	-
Net increase in cash and cash equivalents	(187.07)	82.49	22.96

As at 31 March 2017

Particulars	Ethos Limited	Pylania SA	Mahen Distribution Limited
NCI Percentage	18.23%	15.00%	-
Non-current assets	3,000.02	615.90	840.03
Current assets	18,519.39	776.35	37.08
Non-current liabilities	1,188.88	640.84	150.00
Current liabilities	13,846.87	86.54	21.60
Net Assets	6,483.66	664.87	705.52

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Particulars	Ethos Limited	Pylania SA	Mahen Distribution Limited
Net Assets			
Preference share capital	1,960.01	-	178.12
Arrears of preference dividend	911.84	-	100.93
Exchange differences on translation of foreign operations	-	166.43	-
	3,611.81	831.30	426.47
Net assets attributable to NCI (including preference share capital and its arrears attributable to NCI)	3,267.71	146.85	96.96
Revenue	32,489.41	1,179.82	5.23
Profit / (Loss) for the year	(608.67)	533.85	(22.88)
OCI	(15.21)	(41.47)	-
Total Comprehensive income	(623.88)	492.38	(22.88)
Profit / (Loss) allocated to NCI	(105.03)	80.08	-
OCI allocated to NCI	(2.77)	(6.22)	-
Total Comprehensive income allocated to NCI	(107.80)	73.86	-
Cash flows from operating activities	405.77	204.20	(15.89)
Cash flows from investing activities	(209.61)	(17.54)	-
Cash flows from financing activities	243.73	(130.50)	-
Net increase in cash and cash equivalents	439.89	56.15	(15.89)
As at 1 April 2016			

Particulars	Ethos Limited	Pylania SA	Mahen Distribution Limited
NCI Percentage	19.48%	15.00%	-
Non-current assets	3,012.20	860.71	840.03
Current assets	17,998.77	90.43	62.94
Non-current liabilities	1,105.00	753.91	150.00
Current liabilities	14,021.78	24.73	24.58
Net Assets	5,884.19	172.49	728.39
Preference share capital	1,960.01	-	178.12
Arrears of preference dividend	661.64	-	131.91
Exchange differences on translation of foreign operations	-	124.96	-
	3,262.54	297.45	418.36
Net assets attributable to NCI (including preference share capital and its arrears attributable to NCI)	3,009.86	73.00	199.55

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

Non-controlling interest (NCI) (Continued)
Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements' of Division II of Schedule III
As at 31 March 2018

Name of the entity in the Group	Net Assets		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income	
	(Total assets - Total liabilities) As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
KDDL Limited	80.62%	13,032.78	77.43%	1,406.92	(159.86%)	(30.14)	77.42%	1,376.78
Subsidiaries								
Indian								
Ethos Limited	56.67%	9,160.95	21.99%	399.63	23.34%	4.40	22.01%	404.03
Mahen Distribution Limited	4.14%	669.45	2.09%	(37.96)	-	-	2.07%	(37.96)
Satva Jewellery and Design Limited*	(0.29%)	(46.76)	(1.18%)	(21.48)	-	-	(1.17%)	(21.48)
Cognition Digital LLP	0.26%	42.71	0.01%	(0.23)	-	-	0.01%	(0.23)
Foreign								
Kamia International Holdings SA	2.57%	415.03	0.15%	(2.66)	10.66%	2.01	0.14%	(0.65)
Pyjania SA	5.16%	833.73	(6.95%)	126.27	225.86%	42.59	-6.88%	168.86
Associates								
Kamia Tesio Dials Limited	0.18%	28.35	0.02%	0.29	-	-	0.02%	0.29
Cadrafin GmbH	0.00%	-	(0.16%)	(2.90)	-	-	(0.16%)	(2.90)
Elimination	(49.31%)	(7,971.14)	6.60%	(50.83)	-	-	6.54%	(50.83)
Total	100.00%	16,165.09	108.29%	1,817.05	100.00%	18.86	100.00%	1,835.90
As at 31 March 2017								
Name of the entity in the Group	Net Assets		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income	
	(Total assets - Total liabilities) As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
KDDL Limited	81.60%	11,626.71	405.22%	751.66	4.39%	(2.69)	603.26%	748.97
Subsidiaries								
Indian								
Ethos Limited	45.51%	6,483.66	(328.13%)	(608.67)	24.81%	(15.21)	(502.50%)	(623.88)
Mahen Distribution Limited	4.97%	707.41	(12.33%)	(22.88)	-	-	(18.43%)	(22.88)
Satva Jewellery and Design Limited*	(0.18%)	(25.28)	3.30%	6.12	-	-	4.93%	6.12
Foreign								
Kamia International Holdings SA	2.92%	415.68	4.17%	7.72	3.18%	(1.95)	4.65%	5.77
Pyjania SA	4.67%	664.87	287.79%	533.85	67.63%	(41.47)	396.59%	492.38
Associates								
Kamia Tesio Dials Limited	0.06%	8.06	0.49%	0.91	-	-	0.74%	0.91
Eliminations	(39.54%)	(5,633.50)	(260.51%)	(483.24)	-	-	(389.23%)	(483.25)
Total	100.00%	14,247.59	100.00%	185.48	100.00%	(61.32)	100.00%	124.15

* Satva Jewellery and Design Limited has ceased to be joint venture of the Company and has become wholly owned subsidiary of KDDL Limited pursuant to purchase of remaining shares of the other venture in the joint venture vide agreement dated 23 December 2016. Accordingly, transactions during the year with Satva upto 23 December 2016 has been disclosed as transactions with Joint venture.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

40 Contingent liabilities and commitments: <i>(to the extent not provided for)</i>	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(i) Claims against the Company not acknowledged as debts, under dispute			
- Bank guarantees outstanding	6,269.65	6,634.78	512.95
- Demand raised for service tax against which appeals have been filed	84.48	47.95	18.35
- Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs. 3.73 (31 March 2017: Rs. 3.73, 1 April 2016: Rs. 3.73)	3.73	3.73	3.73
- Demand raised for Income tax (assessment year 2004-05 to assessment year 2012-13)	267.76	411.74	945.94
- Claims against the Company not acknowledged as debt (to the extent ascertainable)	170.16	23.42	21.38
- Custom duty saved against EPCG Licences, pending redemption	192.02	175.44	164.58
- Surety bonds in favour of sales tax department	-	-	1.00
- Bonds in favour of central excise and customs authorities	-	-	14.25
- Other items	0.54	102.19	102.72
	<u>6,988.33</u>	<u>7,399.23</u>	<u>1,784.90</u>
(ii) Commitments			
- Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	392	742.12	26.96
- Amount payable under non-cancellable leases	8,065	4,800.13	5,848.96
	<u>8,457.81</u>	<u>5,542.24</u>	<u>5,875.92</u>

(iii) During the year ended 31 March 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. 170.00 in its service tax return which was 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. 170.00 reversed as claim receivable under the head "Long term loans and advances". During the year ended 31 March 2013, 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. 6.63 which had been short paid and CENVAT credit amounting to Rs. 242.77 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. 6.63. Further, the authority has imposed a penalty of Rs. 242.77. Being aggrieved against the order of Commissioner- Central Excise and Service Tax, the Company has preferred appeal with CESTAT and the matter is sub-judice with CESTAT, Chandigarh. Due to the pending adjudication of the appeal, liability on this account has not been provided in the accounts.

(iv) In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

41 Employee Benefits

A. Assets and liabilities relating to employee benefits

	Non-Current			Current		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Liability for gratuity	61.55	48.46	154.44	28.52	48.50	36.98
Liability for compensated absences	252.98	217.56	196.21	47.54	33.38	24.37
	314.53	266.02	350.65	76.06	81.88	61.35

For details about the related employee benefit expenses, refer to note no. 30.

B. Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.(LIC)

(i) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC. The assets managed are highly liquid in nature and the Company does not expect any significant liquidity risks.

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(ii) Reconciliation of present value of defined benefit obligation			
Present value of obligation at the beginning of the year	586.81	528.87	476.64
Current Service cost	68.03	41.59	38.05
Interest cost	46.94	50.34	46.91
Benefits paid	(48.11)	(60.64)	(56.92)
Actuarial (gains) losses recognised in other comprehensive income - experience adjustments	78.06	26.64	24.19
Present value of obligation at the end of the year	731.73	586.80	528.87
(iii) Reconciliation of the present value of plan assets			
Plan assets at the beginning of the year, at fair value	489.84	337.45	271.08
Return on plan assets recognised in other comprehensive income	31.32	-	-
Contributions	118.12	26.67	23.08
Benefits paid	(48.11)	186.81	101.21
Expenses deducted from the fund	-	(60.64)	(56.92)
Interest income	50.49	(0.45)	(1.00)
Plan assets at the end of the year, at fair value	641.66	489.84	337.45
(iv) Amount recognized in the balance sheet			
Present value of the defined benefit obligations at the end of the year	731.73	586.80	528.87
Fair value of plan assets at the end of the year	(641.66)	(489.84)	(337.45)
Net liability recognized in the balance sheet*	90.07	96.96	191.42
* Shown under the head "Provision for employee benefits"			
(v) Plan assets			
Plan assets comprise of the following:			
Particulars	As at 31 March 2018	As at 31 March 2017	
Policy of insurance	641.66	489.84	
	641.66	489.84	
(vi) Amount recognized in the Statement of Profit and Loss			
Particulars	Year ended 31 March 2018	Year ended 31 March 2017	
Current service cost	68.03	41.59	
Interest cost (net)	11.74	50.34	
Interest income	(4.00)	0.45	
Amount recognized in the Statement of profit and loss	75.78	92.37	
(vii) Remeasurements recognised in other comprehensive income			
Actuarial gain/loss on the defined benefit obligation	78.06	26.64	
Return on plan assets excluding interest income	(42.61)	-	
Amount recognized in other comprehensive income	35.45	26.64	

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

(viii) Actuarial assumptions

a) Economic assumptions: The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate	8.00%	7% - 8%	8%
Expected rate of return on plan assets	8.00%	7.55% - 8%	8% - 9%
Salary increase	5.00%	5%	5%
Expected average remaining working lives of employees (years)	7.50	7.55	7.67

b) Demographic assumptions:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Retirement age	58 years	58 years	58 years
Mortality	Indian assured lives mortality (2006-08) Ultimate	Indian assured lives mortality (1994-96) Ultimate	Indian assured lives mortality (1994-96) Ultimate
Attrition rate			
Upto 30 years	3%	3%	3%
31 to 44 years	2%	2%	2%
44 and above	1%	1%	1%

(ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	21.91	(27.14)	30.96	(42.01)
Future salary growth (0.5% movement)	(53.08)	48.55	(69.30)	59.32

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

(x) Expected future benefit payments

	As at 31 March 2018	As at 31 March 2017
The expected maturity analysis of undiscounted defined benefit liability is as follows:		
Within 1 year	106.02	5.83
1-2 years	127.80	6.00
2-5 years	366.50	18.73
Over 5 years	1,785.21	64.89

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

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

(xi) Weighted average duration and expected employers contribution for next year of the defined benefit plan	As at 31 March 2018	As at 31 March 2017
Weighted average duration (in years)	5.87	10.23
Expected Employers contribution for the next year	133.33	172.00

C. Defined Contribution Plan

The Company makes contribution towards employees' provident fund, superannuation fund and employees' state insurance plan scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of the scheme, to these defined contribution schemes. The expense recognised towards contribution of these plans is as follows:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Provident fund	160.05	135.99
Superannuation fund	8.51	18.11
Employees' state insurance scheme	62.33	7.72
Pension fund	50.49	48.83
	<u>281.38</u>	<u>210.65</u>

D. Share based payments

(a) KDDL Employee Stock Option Plan - 2011 ("ESOP 2011")

The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company planned to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company. The outstanding options as at 31 March 2018 are 21,000 (31 March 2017: 21,000, 1 April 2016: 24,750).

Fifty percent of the options which have been granted under ESOP 2011 were vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the previous years to the eligible employees. The balance options shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs. 15,000.00 ('second tranche'). The exercise period for the options is within six months from the date of vesting of the options. Each option is exercisable for one equity share of Rs 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

	As at 31 March 2018		As at 31 March 2017	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Outstanding at beginning of the year	21,000	120	24,750	120
Forfeited during the period	-	-	(3,750)	-
Exercised during the period	-	-	-	-
Outstanding at end of the year	21,000	120	21,000	120

The options outstanding at 31 March 2018 have an exercise price of Rs. 120 (31 March 2017: Rs. 120, 1 April 2016: Rs. 120) per option.

(ii) Expense recognised in statement of profit and loss

The expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense / (income) for the year ended 31 March 2018 and 31 March 2017, were Rs. Nil and Rs. (2.76) respectively on account of expiry of share options on resignation by certain employees.

(iii) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair

	Year ended 31 March 2018	Year ended 31 March 2017
Fair value at grant date	61.05	61.05
Share price at grant date	133.90	133.90
Exercise Price	120.00	120.00
Risk Free interest rate (in %)	8.50%	8.50%
Expected life (in years)	88	88
Expected volatility (in %)*	66.49%	66.49%
Expected dividend Yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

(b) Ethos Employee Stock Option Plan - 2013

In the Extraordinary General Meeting held on 10 March 2014, the shareholders of the Subsidiary Company, Ethos Limited, approved the issue of options not exceeding 3,50,000 options under the Scheme titled "Ethos Employee Stock Option Plan – 2013". The ESOP allows the issue of options to eligible employees of the Subsidiary Company. Each option comprises one underlying equity share.

As per the Scheme, the Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within 3 years of vesting.

1) 50% of the options granted to the selected employee shall vest on 1 October 2017 in case there is continuation of his service till the date of vesting.

2) 50% on the first day of the financial year subsequent to the achievement of billing of Rs. 50,000 in any financial year by the Company, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The compensation committee shall declare such date as and when it is triggered.

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

The Company has in its Compensation Committee meeting on 04.08.2014 granted outstanding 3,500 options to employee of the holding Company. The above options have been issued by the Compensation Committee in accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013"

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

(i) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

	As at 31 March 2018		As at 31 March 2017	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Outstanding at beginning of the year	228,000	120	228,000	120
Lapsed during the period	35,000	-	-	-
Exercised during the period	21,250	-	-	-
Outstanding at end of the year	171,750	120	228,000	120

	As at 31 March 2018		As at 31 March 2017	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Outstanding at beginning of the year	3,500	120	3,500	120
Lapsed during the period	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at end of the year	3,500	120	3,500	120

The options outstanding at 31 March 2018 have an exercise price of Rs. 120 (31 March 2017: Rs. 120) per option and a weighted average remaining contractual life in the range of 2.16 to 2.56 years (31 March 2017: 3.16 years to 3.56 years).

(ii) Expense recognised in statement of profit and loss

The expenses arising from share-based payment transaction recognised in profit or loss as part of employee benefit expense for the year ended 31 March 2018 and 31 March 2017, were Rs. 11.76 and Rs. 23.36 respectively on account of expiry of share options on resignation by certain employees.

(iii) The fair value of the options has been determined under the Black-Scholes model and the inputs used in the measurement of the grant-date fair

	Year ended 31 March 2018	Year ended 31 March 2017
Fair value at grant date	35.54/56.08	35.54/56.08
Share price at grant date	120	120
Exercise Price	120	120
Risk Free interest rate (in %)	7.60%/7.60%	7.60%/7.60%
Expected life (in years)	4.56/4.16	3.55/2.24/4.56/4.16
Expected volatility (in %)*	40-60%	40-60%
Expected dividend Yield (in %)	1.58%	1.58%

*Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

42 Related parties:

(i) Associates

Kamla Tesio Dials Limited

(ii) Joint venture

Satva Jewellery and Design Limited (till 23 December 2016)*

(iii) Key managerial personnel (KMP) of the Company, their close family members and related entities

(a) Names of KMP

- Mr. R.K. Saboo (Chairman)
(Chairman till 30 November 2016)
- Mr. Yashovardhan Saboo
(Chairman and Managing Director)
- Mr. Sanjeev Kumar Masown
(Chief Financial Officer and Whole Time Director)
- Dinesh Agrawal (Chief Operating Officer till 31 March)

Names of their close family members**

- Mrs. Usha Devi Saboo (spouse),
- Mr. Yashovardhan Saboo (son)
- Mrs. Asha Devi Saboo (brother's spouse)
- Mr. R.K. Saboo (father),
- Mrs. Anuradha Saboo (spouse)
- Mr. Pranav Shankar Saboo (Son),
- Mrs. Malvika Singh (son's spouse)
- Mrs. Neeraj Masown (wife),
- Mr Lal Chand Masown (father)
- Mrs. Shashi Agrawal (spouse)

(b) Related entities of KMP

- Vardhan Properties & Investments Limited
- Saboo Coatings Private Limited
- VBL Innovations Private Limited
- Dream Digital Technology Limited
- KDDL Ethos Foundation

(c) Independent Directors

- Mr. Anil Khanna
- Mr. Jagesh Khaitan
- Ms. Ranjana Agarwal
- Mr. Praveen Gupta
- Mr. Vishal Satinder Sood
- Mr. Jai Vardhan Saboo
- Mr. Sanjiv Sachar

*Satva Jewellery and Design Limited ('Satva') ceased to be joint venture of the Company and became wholly owned subsidiary of KDDL Limited pursuant to purchase of remaining shares of the other venturer in the joint venture vide agreement dated 23 December 2016. Accordingly, transactions during the year with Satva upto 23 December 2016 have been disclosed as transactions with joint venture and transactions incurred after 23 December 2016 have been disclosed as transaction with joint venture

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

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Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

c) Related party transactions

Year ended 31 March 2018

	Associates	Joint venture	Entities over which significant influence is exercised	Key management personnel	Other related parties
1 Purchase of raw material and components					
Saboo Coatings Private Limited	-	-	5.40	-	-
2 Sale of goods and services					
Saboo Coatings Private Limited	-	-	0.08	-	-
Saboo Ventures LLP	-	-	2.07	-	-
Mr. R. K. Saboo	-	-	-	-	8.00
Mr. Yashovardhan Saboo	-	-	-	0.09	-
Mr. Pranav S Saboo	-	-	-	-	0.33
3 Rent paid by the Company					
Kamla Tesio Dials Limited	6.00	-	-	-	-
Mr. Yashovardhan Saboo	-	-	-	28.64	-
Mrs. Anuradha Saboo	-	-	-	-	15.00
4 Directors remuneration					
Short-term employee benefits					
Mr. Yashovardhan Saboo	-	-	-	124.01	-
Mr. Sanjeev Kumar Masown	-	-	-	64.25	-
Post-employment benefits					
Mr. Yashovardhan Saboo	-	-	-	20.00	-
Mr. Sanjeev Kumar Masown	-	-	-	5.09	-
Long term employee benefits					
Mr. Yashovardhan Saboo	-	-	-	18.00	-
Mr. Sanjeev Kumar Masown	-	-	-	3.80	-
5 Interest income					
Vardhan Properties and Investment Limited	-	-	11.34	-	-
Mr. Sanjeev Kumar Masown	-	-	-	2.32	-
6 Interest paid/ accrued					
Vardhan Properties and Investment Limited	-	-	21.35	-	-
VBL Innovations Private Limited	-	-	22.37	-	-
Dream Digital Technology Private Limited	-	-	13.78	-	-
Saboo Ventures LLP	-	-	14.14	-	-
Saboo Housing Projects LLP	-	-	0.15	-	-
Mr. R. K. Saboo	-	-	-	-	8.75
Mr. Sanjeev Kumar Masown	-	-	-	2.62	-
Ms. Neeraj Masown	-	-	-	-	2.01
Mr. Lal Chand Masown	-	-	-	-	0.58
Mrs. Asha Devi Saboo	-	-	-	-	1.14
Mr. Yashovardhan Saboo	-	-	-	2.49	-
Mr. Anil Khanna	-	-	-	5.12	-
Mrs. Alka Khanna	-	-	-	-	2.87
Ms. Ranjana Agarwal	-	-	-	7.40	-
7 Deposits from shareholders accepted					
Mr. Sanjeev Kumar Masown	-	-	-	20.00	-
Vardhan Properties & Investment Ltd.	-	-	17.00	-	-
Dream Digital Technology Limited	-	-	-	-	4.23
Mrs. Asha Devi Saboo	-	-	-	-	10.00
Mrs. Alka Khanna	-	-	-	-	1.00
8 Reimbursement received for expenses					
Dream Digital Technology Private Limited	-	-	2.41	-	-
Kamla Tesio Dials Limited	0.02	-	-	-	-
9 Loans taken					
Vardhan Properties & Investment Limited	-	-	510.00	-	-
Dream Digital Technology Private Limited	-	-	50.00	-	-
Mr. Yashovardhan Saboo	-	-	-	100.00	-
Saboo Ventures LLP	-	-	400.00	-	-
Saboo Housing Projects LLP	-	-	7.00	-	-

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

Year ended 31 March 2018 (Continued)

	Associates	Joint venture	Entities over which significant influence is exercised	Key management personnel	Other related parties
10 Expenses reimbursed					
Dream Digital Technology Private Limited	-	-	3.93	-	-
11 Rent received					
Dream Digital Technology Private Limited	-	-	0.34	-	-
Saboo Coatings Private Limited	-	-	6.75	-	-
12 Publicity & Advertisement					
Dream Digital Technology Private Limited	-	-	65.48	-	-
13 Director fees					
Mr. Yashovardhan Saboo	-	-	-	3.75	-
Mr. Anil Khanna	-	-	-	6.15	-
Mr. N. Subramanian	-	-	-	4.30	-
Mr. Rajat Kakar	-	-	-	1.65	-
Mr. Sundeep Kumar	-	-	-	1.10	-
Mrs. Neelima Tripathi	-	-	-	1.10	-
Mr. Jai Vardhan Saboo	-	-	-	0.15	-
Mr. Jagesh Khaitan	-	-	-	1.40	-
Ms. Ranjana Agarwal	-	-	-	0.95	-
Mr. Praveen Gupta	-	-	-	0.80	-
Mr. Sanjiv Sachar	-	-	-	0.85	-
14 Loan paid					
Vardhan Properties & Investment Limited	-	-	600.00	-	-
Mr. Yashovardhan Saboo	-	-	-	50.00	-
15 Sale of fixed assets					
Saboo Ventures LLP	-	-	173.04	-	-
16 Inter Corporate deposit repayment received					
Vardhan Properties and Investment Limited	-	-	500.00	-	-
17 Repayment of loans given by the Company					
Mr. Sanjeev Kumar Masown	-	-	-	6.25	-
18 Management consultancy fees paid					
Dream Digital Technology Limited	-	-	21.00	-	-
Mr. R. K. Saboo	-	-	-	-	18.00
19 Inter Corporate deposit received					
Dream Digital Technology Limited	-	-	100.00	-	-
20 Inter Corporate deposit given					
Vardhan Properties and Investment Limited	-	-	500.00	-	-
21 CSR contribution made					
KDDL Ethos Foundation	-	-	15.50	-	-
22 Dividend paid					
Shri R.K. Saboo a/c Tara Chand Mahendra Kumar HUF	-	-	1.05	-	-
Mr. R. K. Saboo	-	-	-	-	29.72
Mr. Yashovardhan Saboo	-	-	-	22.64	-
Mrs. Usha Devi Saboo	-	-	-	-	6.77
Mrs. Anuradha Saboo	-	-	-	-	5.76
Mr. Pranav S Saboo	-	-	-	-	3.22
Ms. Satvika Saboo	-	-	-	-	2.04
Vardhan Properties & Investment Ltd.	-	-	0.24	-	-
Mrs. Asha Devi Saboo	-	-	-	-	0.46
Mr. Jagesh Khaitan	-	-	-	0.01	-
Mr. Sanjiv Sachar	-	-	-	0.02	-
Mr. Sanjeev Kumar Masown	-	-	-	0.03	-
Mr. Anil Khanna	-	-	-	0.06	-
Others	-	-	0.97	-	-
23 Management consultancy fees paid					
Dream Digital Technology Limited	-	-	21.00	-	-
Mr. R. K. Saboo	-	-	-	-	18.00

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

Year ended 31 March 2017

	Associates	Joint venture	Entities over which significant influence is exercised	Key management personnel	Other related parties
1 Purchase of raw material and components					
Saboo Coatings Private Limited	-	-	26.55	-	-
2 Sale of goods and services					
Dream Digital Technology Private Limited	-	-	0.48	-	-
Saboo Coatings Private Limited	-	-	0.10	-	-
3 Rent paid by the Company					
Kamla Tesio Dials Limited	6.00	-	-	-	-
Satva Jewellery & Design Limited	-	2.25	-	-	-
Saboo Coatings Private Limited	-	-	7.68	-	-
Mr. R. K. Saboo	-	-	-	4.00	2.00
Mr. Yashovardhan Saboo	-	-	-	20.84	-
Mrs. Anuradha Saboo	-	-	-	-	3.00
Mrs. Usha Devi Saboo	-	-	-	-	1.20
4 Salary of employees paid					
Saboo Coatings Private Limited	-	-	1.10	-	-
5 Interest received					
Satva Jewellery & Design Limited	-	2.25	-	-	-
6 Management consultancy fees paid					
Dream Digital Technology Limited	-	-	19.80	-	-
Mr. R. K. Saboo	-	-	-	-	6.05
7 Directors remuneration					
Short-term employee benefits					
Mr. R. K. Saboo	-	-	-	29.89	-
Mr. Yashovardhan Saboo	-	-	-	92.17	-
Mr. Sanjeev Kumar Masown	-	-	-	46.44	-
Post-employment benefits					
Mr. Yashovardhan Saboo	-	-	-	10.00	-
Mr. Sanjeev Kumar Masown	-	-	-	3.43	-
Long term employee benefits					
Mr. Yashovardhan Saboo	-	-	-	7.26	-
Mr. Sanjeev Kumar Masown	-	-	-	2.31	-
8 Interest paid/ accrued					
Vardhan Properties and Investment Limited	-	-	16.93	-	-
VBL Innovations Private Limited	-	-	24.00	-	-
Dream Digital Technology Private Limited	-	-	8.00	-	-
Mr. R. K. Saboo	-	-	-	8.75	-
Mr. Sanjeev Kumar Masown	-	-	-	0.43	-
Ms. Neeraj Masown	-	-	-	-	1.05
Mr. Lal Chand Masown	-	-	-	-	0.51
Mrs. Asha Devi Saboo	-	-	-	-	1.25
9 Public deposits accepted					
Ms. Neeraj Masown	-	-	-	-	15.00
Mr. Sanjeev Kumar Masown	-	-	-	4.20	-
Mr. Lal Chand Masown	-	-	-	-	2.00
Vardhan Properties & Investment Ltd.	-	-	10.00	-	-
10 Reimbursement of expenses paid by the Company					
Kamla Tesio Dials Limited	-	-	-	-	-
VBL Innovations Private Limited	0.97	-	-	-	-
Dream Digital Technology Limited	-	-	24.70	-	-
Saboo Coatings Private Limited	-	-	1.95	-	-
11 Guarantee given					
Mr. R. K. Saboo	-	-	-	200.00	-
Mr. Yashovardhan Saboo	-	-	-	200.00	-
12 Loans taken					
Swades Capital LLC	-	-	343.97	-	-
Mr. Yashovardhan Saboo	-	-	65.81	-	-
13 Repayment of Public deposits					
Mr. Sanjeev Kumar Masown	-	-	-	2.00	-
14 Security deposit received					
Saboo Coatings Private Limited	-	-	9.54	-	-
15 CSR contribution made					
KDDL Ethos Foundation	-	-	18.00	-	-

* This figure includes an amount of Rs. 279.70 which has been reimbursed by brands.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

d) Amount outstanding

As at 31 March 2018

	Associates	Joint venture	Entities over which significant influence is exercised	Key management personnel	Other related parties
1 Loans and advances					
Mr. Sanjeev Kumar Masown	-	-	-	36.24	-
2 Other receivables/advances					
Saboo Coatings Private Limited	-	-	-	-	-
VBL Innovations Private Limited	-	-	-	-	-
3 Payables					
Dream Digital Technology Private Limited	-	-	32.72	-	-
Kamla Tesio Dials Limited	5.96	-	-	-	-
4 Guarantees taken					
Mr. R. K. Saboo	-	-	-	-	6,505.11
Mr. Yashovardhan Saboo	-	-	-	11,505.54	-
Mrs. Usha Devi Saboo	-	-	-	-	334.31
5 Security deposit taken					
Saboo Coatings Private Limited	-	-	5.00	-	-
Mr. Yashovardhan Saboo	-	-	2.00	-	-
6 Deposits from shareholders					
Mrs. Asha Devi Saboo	-	-	-	-	10.00
Mr. Sanjeev Kumar Masown	-	-	-	24.20	-
Mr. Lal Chand Masown	-	-	-	-	3.89
Ms. Neeraj Masown	-	-	-	-	16.23
Mr. Anil Khanna	-	-	-	40.00	-
Mrs. Alka Khanna	-	-	-	-	21.00
Ms. Ranjana Agarwal	-	-	-	50.00	-
Vardhan Properties and Investment Limited	-	-	35.00	-	-
7 Unsecured loans					
Dream Digital Technology Private Limited	-	-	100.00	-	-
Vardhan Properties & Investment Limited	-	-	10.00	-	-
Mr. R. K. Saboo	-	-	-	-	70.00
Mr. Yashovardhan Saboo	-	-	-	50.00	-
Saboo Ventures LLP	-	-	400.00	-	-
Saboo Housing Projects LLP	-	-	7.00	-	-
8 Inter Corporate deposit					
Dream Digital Technology Limited	-	-	100.00	-	-

As at 31 March 2017

	Associates	Joint venture	Entities over which significant influence is exercised	Key management personnel	Other related parties
1 Loans and advances					
Dream Digital Technology Private Limited	-	-	50.00	-	-
Vardhan Properties and Investment Limited	-	-	100.00	-	-
VBL Innovations Private Limited	-	-	150.00	-	-
Mr. Yashovardhan Saboo	-	-	-	65.81	-
Mr. R. K. Saboo	-	-	-	70.00	-
2 Other receivables/advances					
Saboo Coatings Private Limited	-	-	0.96	-	-
VBL Innovations Private Limited	-	-	0.19	-	-

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

	Associates	Joint venture	Entities over which significant influence is exercised	Key management personnel	Other related parties
3 Payables					
Kamla Tesio Dials Limited	-	-	-	-	-
Saboo Coatings Private Limited	-	-	0.31	-	-
Dream Digital Technology Private Limited	-	-	304.96	-	-
Vardhan Properties and Investment Limited	-	-	-	-	-
VBL Innovations Private Limited	-	-	10.77	-	-
4 Guarantees taken					
Mr. R. K. Saboo	-	-	-	5,058.64	1,226.79
Mr. Yashovardhan Saboo	-	-	-	8,571.52	-
Mrs. Usha Devi Saboo	-	-	-	-	373.64
5 Security deposit taken					
Saboo Coatings Private Limited	-	-	9.54	-	-
6 Deposits from shareholders					
Mr. Sanjeev Kumar Masown	-	-	-	4.20	-
Mr. Lal Chand Masown	-	-	-	-	3.89
Ms. Neeraj Masown	-	-	-	-	15.00
Vardhan Properties and Investment Limited	-	-	25.00	-	-
7 Interest accrued but not due on borrowings					
Mr. Sanjeev Kumar Masown	-	-	-	0.28	-
Mr. Lal Chand Masown	-	-	-	-	0.53
Ms. Neeraj Masown	-	-	-	-	1.49

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

As at 1 April 2016

	Associates	Joint venture	Entities over which significant influence is exercised	Key management personnel	Other related parties
1 Loans and advances given					
Satva Jewellery and Design Limited	-	51.97	-	-	-
Mr. Dinesh Agarwal	-	-	-	8.00	-
2 Loans taken					
Dream Digital Technology Private Limited	-	-	50.00	-	-
Vardhan Properties and Investment Limited	-	-	100.00	-	-
VBL Innovations Private Limited	-	-	150.00	-	-
Mr. R. K. Saboo	-	-	-	70.00	-
3 Other receivables/advances					
Satva Jewellery and Design Limited	-	3.92	-	-	-
Vardhan Properties and Investment Limited	-	-	0.72	-	-
VBL Innovations Private Limited	-	-	27.58	-	-
4 Payables					
Kamla Tesio Dials Limited	9.96	-	-	-	-
Saboo Coatings Private Limited	-	-	4.61	-	-
Dream Digital Technology Private Limited	-	-	116.00	-	-
Vardhan Properties and Investment Limited	-	-	3.14	-	-
VBL Innovations Private Limited	-	-	5.39	-	-
5 Guarantees taken					
Mr. R. K. Saboo	-	-	-	8,931.09	-
Mr. Yashovardhan Saboo	-	-	-	11,215.99	-
Mrs. Usha Devi Saboo	-	-	-	-	422.70
6 Public deposits outstanding					
Vardhan Properties and Investment Limited	-	-	15.00	-	-
Mrs. Asha Devi Saboo	-	-	-	-	10.00
Mrs. Shashi Agrawal	-	-	-	-	4.00
7 Interest on outstanding public deposit					
Mrs. Shashi Agrawal	-	-	-	-	1.40

e) Terms and conditions of transactions with related parties

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

43 Operating segments

(a) Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chairman and Managing Director to make decisions about resources to be allocated to the segments and assess their performance.

The Group has three reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman and Managing Director reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Precision and watch components	Manufacturing and distribution of dials, watch hands and precision components
Watch and accessories	Trading of watches and accessories
Others	Manufacturing and distribution of packaging boxes

(b) Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chairman and Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Year ended 31 March 2018	Precision and watch components	Watch and watch accessories	Others	Total
- External revenues	13,567.07	36,271.23	479.73	50,318.03
- Inter-segment revenue	1,418.30	1,019.32	-	2,437.62
Total segment revenue	14,985.37	37,290.55	479.73	52,755.65
Segment profit (loss) before income tax	2,559.19	1,112.25	(17.89)	3,653.54
Segment profit (loss) before income tax includes:				
- Interest revenue	69.23	109.60	1.76	180.59
- Interest expense	532.34	669.05	0.50	1,201.89
- Depreciation and amortisation	727.76	407.36	21.53	1,156.65
- Share of profit (loss) of equity accounted investees	0.29	-	(2.90)	(2.61)
Segment assets	15,673.00	24,386.00	543.00	40,602.00
Segment assets include:				
- Investments accounted for using equity method	28.35	-	-	28.35
- Capital expenditure during the year	611.16	1,138.02	-	1,749.19
Segment liabilities	2,798.00	8,823.00	127.00	11,748.00

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

Year ended 31 March 2017	Precision and watch components	Watch and watch accessories	Others	Total
Segment revenue:				
- External revenues	12,590.76	32,775.95	476.88	45,843.59
- Inter-segment revenue	380.71	16.44	-	397.16
Total segment revenue	12,971.47	32,792.40	476.88	46,240.75
Segment profit (loss) before income tax	1,640.97	(417.60)	62.15	1,285.52
Segment profit (loss) before income tax includes:				
- Interest revenue	143.00	93.74	1.63	238.37
- Interest expense	633.03	682.34	10.48	1,325.85
- Depreciation and amortisation	538.94	387.36	170.15	1,096.45
- Share of profit (loss) of equity accounted investees	0.91	-	-	0.91
Segment assets	11,996.44	21,021.57	438.89	33,456.91
Segment assets include:				
- Investments accounted for using equity method	28.06	-	-	28.06
- Capital expenditure during the year	905.34	204.76	-	1,110.10
Segment liabilities	2,477.43	8,249.51	137.16	10,864.11

Reconciliations of information on reportable segments to Ind AS measures

	Note	As at 31 March 2018	As at 31 March 2017
i. Revenues			
Total revenue for reportable segments		52,755.65	46,240.75
Elimination of inter-segment revenue		(2,437.62)	(397.16)
Total revenue		50,318.03	45,843.59
ii. Profit before tax			
Total profit before tax for reportable segments		3,653.54	1,285.52
Unallocated amounts:			
Corporate expenses (net of un-allocated revenue)		(1,126.52)	(932.98)
Consolidated profit before tax		2,527.02	352.54
iii. Assets			
Total assets for reportable segments		40,602.00	33,456.91
Unallocated amounts		2,016.80	2,199.96
Consolidated total assets		42,618.80	35,656.87
iv. Liabilities			
Total liabilities for reportable segments		11,748.00	10,864.11
Unallocated amounts		910.39	498.00
Consolidated total liabilities		12,658.39	11,362.11
v. Other material items			
	Reportable segment total	Adjustments	Consolidated total

Year ended 31 March 2018

Interest revenue	178.83	-	178.83
Interest expense	1,201.39	-	1,201.39
Capital expenditure during the year	1,749.19	99.47	1,848.66
Depreciation and amortisation expense	1,156.65	56.60	1,213.25

Year ended 31 March 2017

Interest revenue	236.74	-	236.74
Interest expense	1,315.37	-	1,315.37
Depreciation and amortisation expense	1,096.45	64.21	1,160.66
Capital expenditure during the year	1,110.10	133.86	1,243.96

Geographical information

	Year ended 31 March 2018	Year ended 31 March 2017
i. Revenues		
India	49,577.43	45,456.27
Other countries	740.60	387.33
Total	50,318.03	45,843.59
ii. Non-current assets		
India	13,176.89	10,716.42
Other countries	574.55	574.55
Total	13,751.44	11,290.97

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018

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

(d) Major customer

For the year ended 31 March 2018 and 31 March 2017, there is no major customer with respect to consolidated revenue of the group.

44 Operating leases:

The Group's significant operating lease arrangements are in respect of premises (residential, offices, godown, machinery etc.). These leasing arrangements, which are cancellable, range between 11 months and 10 years generally and are usually renewable by mutual agreeable terms. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are Rs. 156.84 (previous year ended 31 March 2017: Rs. 227.10) has been included under rent expense in note 33.

The Subsidiary company, Ethos Limited, has operating lease arrangements in respect of showrooms with an option of renewal at the end of the lease term and escalation clauses in some of the cases. Rental payments under such leases (gross of reimbursements) (excluding taxes as applicable) Rs. 2553.75 (previous year ended 31 March 2017: Rs.2,548.0) [including Rs. 264.44 towards cancellable lease (previous year Rs. 447.71 lakhs)] has been included under rent expense in note 33.

Expected future minimum lease payments in respect of non-cancellable operating leases are as follows:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Payable in less than one year	2,009.74	1,493.32	1,609.91
Payable between one and five years	4,965.86	3,041.61	3,931.86
Payable after more than five years	1,089.76	265.20	307.18

45 The specified bank notes (SBN) as defined under the notification issued by the Ministry of Finance, Department of Economic dated 08 November, 2016 are no longer in existence. Hence the Company has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2016. The disclosure of SBN made in the financial statements for 31 March 2017 is as follows:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	77.35	3.16	80.51
(+) Permitted receipts	-	20.13	20.13
(-) Permitted payments	-	(17.00)	(17.00)
(-) Amount deposited in Bank	(77.35)	-	(77.35)
Closing cash in hand as on 30 December 2016	-	6.29	6.29

* For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E) dated 8 November 2016.

46 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

KDDL Limited (Consolidated)

Notes to the Consolidated Ind AS Financial Statements for the year ended 31 March 2018 (All amounts are in Indian Rupees Lakhs, except for share data)

47 Disclosures pursuant to Section 186 of the Companies Act, 2013:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Loans and advances			
Loan to subsidiary (erstwhile joint venture) : Satva Jewellery and Design Limited			
Balance as at the year end	-	-	51.97
Maximum amount outstanding at any time during the year (Satva Jewellery and Design Limited has utilised the loan for meeting working capital requirements)	-	-	51.97
b) Investment			
Investment in associate: Kamla Tesio Dials Limited			
Balance as at the year end	28.35	28.06	27.14
Maximum amount outstanding at any time during the year	28.35	28.06	27.14
Investment in company: Karolview Developers Private Limited			
Balance as at the year end	38.13	50.00	50.00
Maximum amount outstanding at any time during the year	38.13	50.00	50.00
Investment in company: Shivalik Solid Waste Management Limited			
Balance as at the year end	10.53	1.75	1.75
Maximum amount outstanding at any time during the year	10.53	1.75	1.75

48 In terms with the provisions of Ind AS – 110 “ Consolidated Financial Statements ”, the Parent Company has computed its share of losses after adjusting for the cumulative dividends on preference share capital issued by the subsidiary companies, though, dividends have not been declared by such subsidiaries. The details of the dividend adjusted during the year is as follows :

	Year ended 31 March 2018		Year ended 31 March 2017	
	Amount of dividend	Dividend per share	Amount of dividend	Dividend per share
12% cumulative compulsory convertible preference shares	600.66	-	98.85	13.20
12% cumulative optionally convertible preference shares	(45.15)	-	15.38	7.80
14% cumulative compulsory convertible preference shares	105.00	18.83	105.00	18.20
	660.51		219.23	

Arrears of fixed cumulative preference shareholders amounts to Rs. 342.79 (previous year: Rs. 866.65) has been included in minority interest.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration no. : 101248W/W-100022

Pravin Tulsyan

Partner

Membership no. 108044

Place : Gurugram, Haryana

Date : 14 May 2018

Yashovardhan Saboo

Chairman and Managing Director

DIN: 00012158

Place : Gurugram, Haryana

Date : 14 May 2018

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

Sanjeev Masown

Chief Financial Officer and Whole time Director

DIN: 03542390

Raman Sood

Company Secretary

Membership No. F3722

**Form No. MGT-11
Proxy Form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L33302HP1981PLC008123
 Name of the Company : KDDL Limited
 Registered office : Plot No 3, Sector-III, Parwanoo, Distt. Solan, (H. P) -173220

Name of the member (s)	:
Registered address	:
E-mail ID	:
Folia No. / Client ID	:
DP ID	:

I/We, being the member (s) of.....shares of the above named company, hereby appoint

- Name :
Address :
E-mail id :
Signature.....or failing him
- Name :
Address :
E-mail id :
Signature.....or failing him
- Name :
Address :
E-mail id :
Signature.....

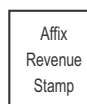
as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting of the Company, to be held on Saturday, 14th day of July, 2018 at 12:30 p.m. at Hotel Timber Trail Resorts, Parwanoo, Distt. Solan, (H. P) -173220 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

Ordinary Business	
Sr. No.	Item
1	To receive, consider and adopt the Audited Financial Statements of the Company (Standalone as well as Consolidated) for the financial year ended 31 st March, 2018, the reports of the Board of Directors and Auditors thereon.
2	To consider and declare final dividend of Rs. 2.50 per equity share for the financial year 2017-18.
3	To re- appoint Mr. Sanjeev Kumar Masown, who retires by rotations at this Annual General Meeting and being eligible, offers himself for re-appointment.
Special Business	
4	Authorisation for borrowings by way of unsecured fixed deposits from shareholders of the Company.
5	Increase the aggregate limit for investment by the Foreign Portfolio Investors (FPIs) and Foreign Institutional Investors (FIIs) from 24 % to 49% of the paid up capital of the Company.
6	To increase the overall limit of investments / giving loans/guarantees / providing securities in terms of Sec 186 of the Companies Act, 2013
7	Further Issue of Equity Shares
8	Approval for change in Share Capital of material subsidiary, Ethos Limited.
9	Approval of Material Related Party Transactions
10	Re-appointment of Mr. Sanjeev Kumar Masown (DIN-03542390) as Whole Time Director-cum-Chief Financial Officer of the Company.
11	Further Issue of Equity Shares through Preferential Allotment

Signed this.....day of.....2018

Signature of Shareholder



Signature of Proxy holder (s)

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

KDDL Limited

(CIN - L33302HP1981PLC008123)

Registered Office: Plot No 3, Sector-III, Parwanoo, Distt. Solan, (H.P.) - 173220

Email: investors.complaints@kddl.com, Website: www.kddl.com

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

ATTENDANCE SLIP

Regd. Folio No. / DP ID - Client ID : _____

Name & Address of First/Sole Shareholder : _____

No. of Shares held : _____

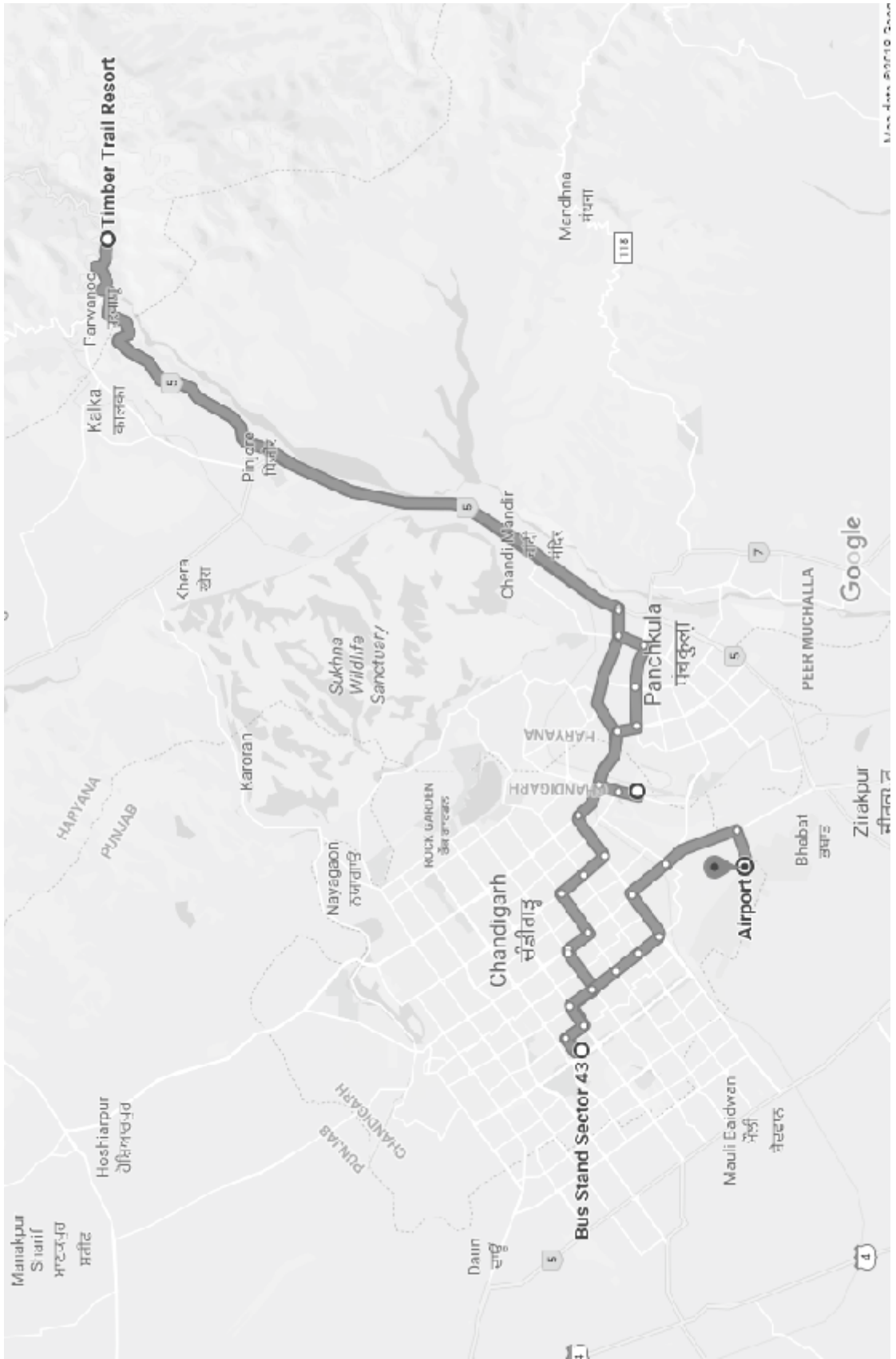
I / we hereby record my / our presence at the 38th Annual General Meeting of the Company to be held on Saturday, the 14th day of July, 2018 at 12:30 p.m. at Hotel Timber Trail Resorts, Parwanoo, Distt. Solan, (H.P.) - 173220.

Signature of Member/Proxy

Note :

Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.

ROUTE MAP



If undelivered please return to
KDDL Limited
SCO 88-89, Sector 8-C,
Madhya Marg, Chandigarh - 160 009

KDDL Limited

(CIN - L33302HP1981PLC008123)

Registered Office: Plot No 3, Sector-III, Parwanoo, Distt. Solan, (H.P.) - 173220

Email: investors.complaints@kddl.com, Website: www.kddl.com

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

FIRST ADDENDUM TO NOTICE OF 38TH ANNUAL GENERAL MEETING OF KDDL LIMITED

In continuation to the Notice of 38th Annual General Meeting [“AGM”] of the members of KDDL Limited [“the Company”] dated 14th May, 2018, scheduled to be held on Saturday, 14th July, 2018 at 12:30 p.m. at Hotel Timber Trail Resorts, Parwanoo, Distt. Solan, (H.P.) - 173220, which is being sent herewith to members of the Company, **NOTICE** is hereby given that the following additional Special Business will also be transacted at the AGM and this Notice be read in continuation to the aforesaid notice.

SPECIAL BUSINESS:

5. Increase the aggregate limit for investment by the Foreign Portfolio Investors (FPIs) and Foreign Institutional Investors (FIIs) from 24 % to 49% of the paid up capital of the Company.

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

“RESOLVED THAT pursuant to the provisions of Foreign Exchange Management Act, 1999, and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and all other applicable rules & regulations, guidelines and laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include a duly authorised committee of Directors for the time being exercising the powers conferred by the Board of Directors), consent of the shareholders of the Company be and is hereby accorded to permit Foreign Portfolio Investors (FPIs), Foreign Institutional Investors (the “FIIs”) registered with the SEBI to acquire and hold on their own account and on behalf of each of their SEBI approved sub-accounts by whatever name called, to make investment in any manner in the equity shares of the Company upto an aggregate limit of 49% (Forty Nine percent) of the paid-up equity share capital of the Company, provided, however, that the shareholding of each FIIs/FPIs in its own account and on behalf of each of their SEBI approved sub-accounts in the Company shall not exceed such limits as are applicable or may be prescribed, from time to time, under applicable Acts, Laws, Rules and Regulations (including any statutory modifications or re-enactment thereof for the time being in force).

“FURTHER RESOLVED that the Board of Directors (which shall include any Committee which the Board may constitute, or any Director/Officer authorised by the Board for this purpose) be and it is hereby authorised to settle all matters arising out of and incidental to the abovementioned increase in FIIs/FPIs limits and further take all actions as it may, in its absolute discretion, deem necessary to give effect to this Resolution.”

6. To increase the overall limit of investments / giving loans/guarantees / providing securities in terms of Sec 186 of the Companies Act, 2013.

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

“RESOLVED THAT in supersession to the earlier resolutions passed in this behalf and pursuant to the provisions of Section 186 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification thereof for the time being in force and as may be enacted from time to time) the consent of the shareholders of the Company be and is hereby accorded to the Board (a) to give any loan to any body corporate(s) / person (s); (b) to give any guarantee or to provide any security in connection with a loan given to any person or other body corporates including any subsidiary; (c) to

acquire by way of subscription, purchase or otherwise, the securities of any other body corporate including any subsidiary or joint venture entity from time to time in one or more tranches as the Board of Directors in their absolute discretion deem beneficial and in the interest of the Company to the extent permitted under applicable laws, upto an aggregate amount not exceeding Rs. 300 Crores (Three Hundred Crores Only) excluding Rs. 200 Crores (Two Hundred Crores Only) already approved by way of Special Regulations through postal ballot on 16th April, 2016, outstanding at any time notwithstanding that such investments made or to be made, outstanding loans given or to be given and guarantees and security provided or to be provided are in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, Board of Directors of the Company and/or any person authorized by the Board from time to time be and is hereby empowered and authorised to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

7. Further Issue of Equity Shares

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 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (“the Act”) and
- b) Listing Agreement entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed and traded, read with the provisions of the Securities & Exchange Board of India(Listing obligations and Disclosure Requirement) Regulations, 2015(including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (“Listing Regulations”) and
- c) the provisions of the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and
- d) the provisions of Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (“FEMA”) and regulations made thereunder including the Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2017 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and
- e) the relevant provisions of the Memorandum and Articles of Association of the Company and
- f) all other applicable rules, regulations, statutes, notifications, circulars, clarifications and/or guidelines, as may be applicable, as amended from time to time by the Government of India (“GOI”), the Ministry of Corporate Affairs (“MCA”), the Securities Exchange Board of India (“SEBI”), BSE Limited and National Stock Exchange Board of India Limited (collectively referred to as “Stock Exchanges”), the Reserve Bank of India (“RBI”) and/or any other regulatory body or authority as may be applicable and
- g) subject to all requisite approvals, consents, permissions or sanctions (if any), as may be required from any regulatory/statutory authorities including GOI, MCA, SEBI, RBI and Stock Exchanges or other competent authority or any bank or financial institution (hereinafter singly or collectively referred to as the “Appropriate Authorities”) as may be required and
- h) subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of the Appropriate Authorities while granting any such approvals, permissions and

sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee constituted or to be constituted by the board to exercise its powers including the powers conferred by this resolution and

- i) subject to such conditions and modification 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 in one or more tranches, such number of securities for an aggregate amount upto Rs. 30,00,00,000 (Thirty Crores only) by way of Qualified Institutional Placement (QIP) and/or Preferential Allotment and/or through any other permissible mode and/or combination thereof in accordance with the provisions of ICDR Regulations or other applicable laws, to be subscribed to in Indian and/or any foreign currency(ies) by all eligible investors, including, resident or non-resident/foreign investors (whether institutions and/or incorporated bodies and/or trusts or otherwise)/foreign portfolio investors/mutual funds/pension funds/venture capital funds/ banks/ alternate investment funds/ Indian and/or multilateral financial institutions, insurance companies and any other category of persons or entities who are authorized to invest in Securities of the Company as per extant regulations/ guidelines or any combination of the above as may be deemed appropriate by the Board in its absolute discretion and whether or not such investors are members of the Company (collectively called the “Investors”), to all or any of them, jointly and/or severally through an offer/placement document and/or other letter or circular and/or on private placement basis, on such terms and conditions. considering the prevailing market conditions and other relevant factors wherever necessary, including securities premium, or its equivalent amount in such foreign currencies as may be necessary, in one or more tranche or tranches, at such price or prices as may be computed in terms of applicable regulations at the Board's absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment of Securities shall be made to the exclusion of other category of investors at the time of such offer, issue and allotment, considering the prevailing market conditions and other relevant factors as the Board may in its absolute discretion may deem fit and appropriate.”

RESOLVED FURTHER THAT in the event the Equity Shares are issued in the course of QIP under Chapter VIII of ICDR Regulations, the relevant date for the purpose of the pricing of the Equity Shares shall be the meeting in which the Board decides to open the issue and the pricing shall be determined in compliance with principles and provisions set out in the regulation 85 of Chapter VIII of the ICDR Regulations and the Board may offer a discount of not more than 5% (five per cent) on the price calculated for the QIP or such other discount as may be permitted under said ICDR Regulations.

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

RESOLVED FURTHER THAT the securities to be created, issued, allotted and offered in terms of this resolution shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall be locked in as per the provisions of ICDR Regulations.

RESOLVED FURTHER THAT the Equity Shares so issued shall in all respects rank pari passu with the existing Equity Shares of the Company and shall be listed with the Stock Exchanges, where the Company's existing Equity Shares are listed.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any Committee formed for the purpose or to an officer of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint merchant bankers, underwriters, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in the issue and to remunerate them by way of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts / agreements, memorandum, documents, etc., with such agencies, to seek the listing of Securities on one or more recognized stock exchange(s), to affix common seal of the Company on any arrangements, contracts / agreements, memorandum, documents and to decide any other related issue.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in

absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms and timing of the issue of Securities including for each tranche of such issue of Securities, finalization and approval of the offer document(s), private placement offer letter, determining the form, proportion and manner of the issue, including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted, issue price, premium / discount amount on issue / conversion / exercise / redemption, rate of interest, redemption period, fixing record date, listings on one or more stock exchanges in India or abroad, entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, to make such other applications to concerned statutory or regulatory authorities as may be required in relation to the issue of Securities and to agree to such conditions or modifications that may be imposed by any relevant authority or that may otherwise be deemed fit or proper by the Board and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit and to settle any questions, difficulties or doubts that may arise in relation to any of the aforesaid or otherwise in relation to the issue of Securities and for other related matters 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.”

8. **Approval for change in Share Capital of Material Subsidiary, Ethos Limited.**

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

“**RESOLVED THAT** pursuant to the provisions of article number 81-A(3) and other applicable provisions of the Articles of Association of the Company (AOA) and other applicable laws or subject to such other consents, approvals from any other authority as may be required, consent of the shareholders of the Company be and is hereby accorded to the proposed change in the Equity Paid up Share Capital of the material subsidiary Company from Rs. 15,90,85,640 (Fifteen Crores Ninety Lakhs Eighty Five Thousands Six Hundred Forty only) divided into 1,59,08,564 (One Crore Fifty Nine Lakhs Eight Thousands Five Hundred Sixty Four only) Equity Shares of Rs 10 (Ten) each to Rs. 17,62,08,910 (Seventeen Crores Sixty Two Lakhs Eight Thousand Nine Hundred Ten only) divided into 1,76,20,891 (One Crore Seventy Six Lakhs Twenty Thousands Eight Hundred Ninety One only) Equity Shares of Rs 10 (Ten) each.

FURTHER RESOLVED that the Board of Directors (which shall include any Committee which the Board may constitute, or any Director/Officer authorised by the Board for this purpose) be and is hereby authorised to settle all matters arising out of and incidental to the change in the share capital of material subsidiary and to do all acts, deeds and things as may deem necessary to give effect to this Resolution.”

9. **Approval of Material Related Party Transactions**

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

“**RESOLVED THAT** pursuant to provisions of regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 as applicable thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and any amendments thereto and subject to such other approvals and sanctions of any authorities as may be necessary, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors (which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred), to enter into contract(s)/arrangement(s)/transaction(s) including investment in the shares (equity/preference), with Ethos Limited, a material subsidiary within the meaning of the aforesaid clause, and a related party, on such terms and conditions as may be mutually agreed upon, the value of which either singly or all taken together may exceed ten per cent of the annual consolidated turnover of the Company as per audited financial statements of the financial year 2017-18;

KDDL Limited

Description of Contract(s)/Arrangement(s) /Transaction(s)	Period of Contract(s)/ Arrangement(s) / Transaction(s)	Total Cumulative Contract(s)/Arrangement(s) /Transaction(s) value with Related Party
Sale/ Purchase of Goods and Services, Reimbursement of Expenses, Rent, Salary payment, providing corporate guarantees and investment in equity or preference share capital (in the ordinary course of business and on arm's length price)	1 st April, 2018 to 31 st March, 2019	Rs. 100 Crores

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to sign and execute necessary documents and papers on an ongoing basis and to do all such acts, deeds and things as may be necessary and expedient to give effect to the above resolution in this regard."

10. Re-appointment of Mr. Sanjeev Kumar Masown (DIN-03542390) as Whole time Director-cum-Chief Financial Officer of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 161, 196, 197 and 203 read with schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory medication(s) or re-enactment thereof for the time being in force), and all other applicable laws, if any, and subject to the Articles of Association of the Company, consents and permission as may be necessary, consent of the shareholders of the Company be and is hereby accorded for the appointment of Mr. Sanjeev Kumar Masown holding (DIN-03542390) as Whole time Director (Key Managerial Personnel with functional designation as Chief Financial Officer) of the Company for a period of 3 (three) years w.e.f. 31st May, 2018, upon the terms and conditions and remuneration as set out in the explanatory statement, which may be altered, modified `or varied by the Board of Directors of the Company".

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of the appointment, the Whole Time Director shall be paid salary, perquisites and other allowances as set out in Explanatory Statement, as the minimum remuneration, subject to ceiling as specified in Schedule V of the Companies Act, 2013 from time to time and subject to the approval of the Central Government, if so required, in accordance with the provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT any Director or the Company Secretary of the Company be and are hereby authorised to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution."

NOTES:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business as proposed above to be transacted at the 38th Annual General Meeting (AGM) is annexed hereto.

2. The Board of Directors of the Company ("the Board") at its meeting held on 14th May, 2018 approved the Notice convening the 38th AGM of the Company scheduled to be held on Saturday, 14th July, 2018. Subsequently, the Board at its meeting held on 11th June, 2018 considered and approved this Addendum containing the Special Business to be approved by the Shareholders of the Company at 38th AGM of the Company.
3. Brief profile and other required information about the Director proposed to be re-appointed, as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached herewith.
4. Relevant documents referred to in this Addendum to Notice of 38th AGM shall be open for inspection by the Members at the Registered Office of the Company during normal business hours (11:00 a.m to 2:00 p.m.) on all working days up to and including the date of the Annual General Meeting.
5. All the processes, notes and instructions relating to e-voting set out for and applicable to the ensuing AGM shall mutatis-mutandis apply to the e-voting for the Resolutions proposed in this Addendum to the Notice of 38th AGM. Furthermore, the Scrutinizer appointed for the ensuing 38th AGM will act as Scrutinizer for the Resolutions proposed in this Addendum.

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

ITEM NO. 5

In terms of Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, the Foreign Portfolio Investors ("FPIs"), the Foreign Institutional Investors (FIIs) /SEBI approved sub-accounts of FIIs) can, in aggregate, can hold upto 24% of paid-up equity capital of the Company. In accordance with RBI Regulations, the limit of 24% can be increased upto the sectoral cap/statutory ceiling, as applicable, by the Company with the approval of the Board of Directors and the Members through a Resolution and Special Resolution respectively.

To provide more space for the FPIs, FIIs and Foreign Body Corporates to invest in the equity of the Company, it is proposed to enhance the investment limit for the abovementioned persons from 24 % to 49% of the paid-up equity share capital of the Company. The Board at its meeting held on 11th June, 2018 has recommended to increase the limit as above.

Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item no. 5 of the notice for increase in the limit of shareholding by FPIs, FIIs and Foreign Body Corporates from 24% to 49% of the paid up capital of the Company.

None of the Directors of the Company or Key Managerial Personnel or their relatives are in any way, concerned or interested in the resolution.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

ITEM NO. 6

In order to make optimum use of funds available with the Company and also to achieve long term strategic and business objectives, the Board of Directors of the Company proposes to make use of the same by making investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other body corporate or subsidiary companies as and when required.

In accordance with the provisions of section 186(3) of the Companies Act, 2013 and rules made there under, the Company needs to obtain prior approval of the Members by way of Special Resolution passed at the General Meeting in case the amount of investment, loan, guarantee or security proposed to be made is more than the higher of sixty percent of the paid up share capital, free reserves and securities premium account or one hundred percent of free reserves and securities premium account.

Accordingly, consent of the Members is sought for passing the Special Resolution as set out at Item no. 6 of the Notice for increase in the overall limit of investments / giving loans/guarantees / providing securities in terms of

Sec 186 of the Companies Act, 2013 not exceeding Rs. 300 Crores (Three Hundred Crores Only) excluding Rs. 200 Crores (Two Hundred Crores Only) already approved by way of Special Regulations through postal ballot on 16th April, 2016,

None of the Directors of the Company or Key Managerial Personnel or their relatives are in any way, concerned or interested in the resolution.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

ITEM NO. 7

It is proposed to raise the funds to meet the objective of long term capital resources, expansion plans, additional working capital requirements, to make any further investments in its subsidiaries or other general corporate purposes, upto Rs. 30,00,00,000 (Thirty Crores only) by way of Qualified Institutional Placement (QIP) and/or Preferential Allotment and/or through any other permissible mode and/or combination thereof in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 and other applicable laws.

The proposed Special Resolution is an enabling resolution and therefore, the proposal seeks to confer powers to the Board (including a committee thereof) the absolute discretion to determine the terms of the aforementioned issuance of Securities, including the exact price, proportion and timing of such issuance, based on an analysis of the specific requirements. The detailed terms and conditions of such issuance will be determined by the Board or a committee thereof, considering prevailing market conditions, practices and in accordance with the applicable provisions of law. Accordingly, the Board (including a committee thereof) may, in its discretion, adopt any one or more of the mechanisms prescribed above to meet its objectives as stated in the aforesaid paragraphs without the need for fresh approval from the members of the Company.

In accordance with the provisions of Sections 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("the Act"), if any, (including any amendments, statutory modification(s) and/ or re-enactment thereof for the time being in force), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "ICDR Regulations") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), approval of members is required way of Special Resolution for making any further issue of Equity Shares or Securities.

Accordingly, consent of the Members is sought for passing the Special Resolution as set out at Item no. 7 of the Notice for further issue of securities as mentioned above.

None of the Directors of the Company or Key Managerial Personnel or their relatives are in any way, concerned or interested in the resolution.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the Members.

ITEM NO. 8

In accordance with the provisions of clause 81-A(3)(A) of the Articles of Association of the Company, any change in the share capital of the material subsidiary, computed on a fully diluted and converted basis, including any change through the issuance of equity share or securities that may be convertible into equity shares of such material subsidiary shall not be undertaken without the prior approval of the members by way of Special Resolution. Since, Ethos Limited which is a material subsidiary of the Company, and also a related party as per Companies Act, 2013, plans to further create 17,12,327 Equity Shares of Rs. 10 each by way of Preferential Allotment and Increase its' paid up equity share capital from Rs. 15,90,85,640 (Fifteen Crores Ninety Lakhs Eighty Five Thousands Six Hundred Forty only) divided into 1,59,08,564 (One Crore Fifty Nine Lakhs Eight Thousands Five Hundred Sixty Four only) Equity Shares of Rs 10 (Ten) each to Rs. 17,62,08,910 (Seventeen Crores Sixty Two Lakhs Eight Thousand Nine Hundred Ten only) divided into 1,76,20,891 (One Crore Seventy Six Lakhs Twenty Thousands Eight Hundred Ninety One only) Equity Shares of Rs 10 (Ten) each.

Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item no. 8 of the Notice for change in the share capital of Ethos Limited, a material subsidiary of the Company.

None of the Directors of the Company or Key Managerial Personnel or their relatives except Mr. Yashovardhan Saboo and Mr. Anil Khanna are concerned and interested in the Special Resolution as set out at Item no. 8 of the Notice.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval by the Shareholders.

ITEM NO. 9

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

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

The following transactions (in the ordinary course of business and on arm's length price) to be entered into by the Company, together with transactions already entered into by the Company with Ethos Limited, a material subsidiary and a related party, during the financial year 2018-19 are estimated to exceed 10% of the annual consolidated turnover of the Company as per the Audited Financial statements of the Company for the year ended 31st March, 2018:-

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

1.	Name of the related party and nature of relationship;	Ethos Limited, a material subsidiary
2.	Name of the director or key managerial personnel interested in any contract or arrangement, if any;	Mr. Yashovardhan Saboo Mr. Anil Khanna
3.	Nature of relationship;	Directors in both Companies.
4.	The nature, duration of the contract and particulars of the contract or arrangement, material terms of contract or value;	Nature : Sale/ Purchase of Goods and Services, Reimbursement of Expenses, Rent, Salary payment, providing corporate guarantees and investment in equity or preference share capital Duration : For financial year 2018-19 Value : Rs. 100 Crores Material Terms : As agreed between parties from time to time
5.	Any advance paid or received for the contract or arrangement, if any;	NA
6.	Any other information relevant or important for the members to take a decision on the proposed resolution;	NA

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

None of the Directors of the Company or Key Managerial Personnel or their relatives except Mr. Yashovardhan Saboo and Mr. Anil Khanna are concerned and interested in the Resolution as set out at Item no. 9 of the Notice.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the Shareholders.

ITEM NO. 10

The Shareholders at their 36th Annual General Meeting of KDDL Limited held on Friday, 12th day of August, 2016 appointed Mr. Sanjeev Kumar Masown as Whole time Director with functional designation of Chief Financial Officer of the Company for a period of 3 (three) years w.e.f 30th May, 2016.

He is liable to retire by rotation at this AGM and being eligible, has offered himself for reappointment. Pursuant to the recommendation of Nomination and Remuneration Committee Meeting, the Board of Directors, at its meeting held on 11th June, 2018, subject to the approval of Shareholders, has approved the re-appointment and revised the remuneration of Mr. Sanjeev Kumar Masown as Whole time Director (Key Managerial Personnel with functional designation as Chief Financial Officer) of the Company for a period of 3 (three) years w.e.f. 31st May, 2018. He is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director in terms of section 152 of the Act. Brief resume of Mr. Sanjeev Kumar Masown, nature of his expertise in specific functional area and names of companies in which he hold directorships and memberships/ chairmanships of Board Committees, are provided in this Notice.

The details of remuneration are given below:

Particulars	2018-19	2019-20	2020-21
Basic Salary (Per Month)	Rs. 1,84,000	Rs. 2,02,000	Rs. 2,25,000
Other Benefits			
Perquisites / Allowances to be considered in the computation of ceilings of remuneration in Section IV of Part II of Schedule V of the Companies Act, 2013			
House Rent Allowance (Per month)	Rs.1,10,400	Rs.1,21,200	Rs.1,35,000
Special / Floating Allowance (Per month)	Rs. 2,04,550	Rs. 2,26,150	Rs. 2,53,750
Medical Re-imburement:	For self and family subject to the maximum ceiling of exemption under Income Tax Act.		
Ex-gratia payment as per the policy and criteria of the company.			
Club Fees: Annual fees for maximum of Rs. 25000 per annum for two clubs.			
Group Insurance, Personal Accident Insurance and Mediclaim Insurance for self and family as per the policy of the company			
Performance Bonus			
He shall be entitled to performance (Financial and Functional) related Bonus or any other allowance / Perquisites as may be approved by the Board of Directors and remuneration committee as per policy and criteria of the company.	Rs. 28,00,000	Rs. 33,00,000	Rs. 36,00,000
Term Incentive: He shall be entitled to term incentive on the expiry of this contract period			Rs. 25,00,000
Following Perquisites / allowances shall not be considered in the computation of ceilings of the remuneration specified in Section IV of Part II of Schedule V of the Companies Act, 2013.			
1. All these benefits are subject to the rules of the company.			
a. Contributions to Provident Fund, superannuation or annuity fund which are not taxable;			
b. Gratuity payable up to the limit payable under the Payment of Gratuity Act, 1972;			
c. Earned leave encashment.			
d. Children education allowance up to Rs. 12000 p.m. per child for two children.			
e. Leave Travel Concession for self and family subject to a ceiling of one month's salary or three months' salary over a period of three years.			
2.Provision of car with driver for use on Company's business and telephone(s) or mobile(s) at residence will not be considered as perquisites.			

KDDL Limited

Terms and Conditions :

1. The Whole time Director shall not become interested or otherwise concerned directly or indirectly in any buying or selling agency of the company without the prior approval of the Board of Directors or any other approvals as may be necessary.
2. The Whole time Director shall not be entitled to sitting fee for attending Board/Committee Meetings of the Company.
3. The Whole time Director shall be liable to retire by rotation as per provisions of the Companies Act, 2013.
4. The Whole time Director shall exercise such powers and functions on such terms as the Board of Directors of the company may prescribe from time to time.
5. The Board of Directors shall have the power to alter, modify, revoke or withdraw all or any of the powers so conferred on whole time director any time during his tenure.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on all working days from 11.00 am to 2.00 p.m. and shall also be available on the website of the company.

None of the Directors of the Company or Key Managerial Personnel or their relatives except Mr. Sanjeev Kumar Masown is concerned or interested in the aforesaid resolution as set out at Item no. 10 of the Notice.

The Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the Shareholders.

Date: 11 June, 2018
Place: Gurugram, Haryana

By order of the Board

Brahm Prakash Kumar
Company Secretary
Membership no. 7519

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

Name of the Director	:	Sanjeev Kumar Masown		
Date of Birth	:	30 th September, 1969		
Date of first Appointment	:	30 th May, 2016 as an Additional Director		
Qualification and experience in specific functional areas	:	He is M.Com and Cost & Management Accountant (CMA). He has more than 25 years of experience in different manufacturing Companies. He is also Chief Financial Officer (CFO) of the Company since 2011 In addition to his role as CFO, he is the Business Head for Precision Engineering, Watch Dials and Packaging business of the Company.		
List of companies in which he holds Directorship	:	Satva Jewellery & Design Limited		
List of companies in which he holds the membership of the Committee	:	KDDL Limited	Stakeholders Relationship Committee	Member
Disclosure of relationships between directors inter - se;		Not Applicable		
Shareholding as on 31st March, 2018		2,000 Equity Shares		

KDDL Limited

(CIN - L33302HP1981PLC008123)

Registered Office: Plot No 3, Sector-III, Parwanoo, Distt. Solan, (H. P) -173220

Email: investors.complaints.com, Website: www.kddl.com

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

SECOND ADDENDUM TO NOTICE OF 38TH ANNUAL GENERAL MEETING OF KDDL LIMITED

In continuation to the Notice of 38th Annual General Meeting [“AGM”] of the members of KDDL Limited [“the Company”] dated 14th May, 2018, scheduled to be held on Saturday, 14th July, 2018 at 12:30 p.m. at Hotel Timber Trail Resorts, Parwanoo, Distt. Solan, (H. P) -173220, which is being sent herewith to members of the Company, **NOTICE** is hereby given that the following additional Special Business will also be transacted at the AGM and this Notice be read in continuation to the aforesaid notice.

SPECIAL BUSINESS:

11. Further Issue of Equity Shares through Preferential Allotment

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 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (“the Act”) and

b) Listing Agreement entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed and traded, read with the provisions of the Securities & Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (“Listing Regulations”) and

c) the provisions of Chapter VII of the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and

d) the provisions of Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (“FEMA”) and regulations made thereunder including the Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2017 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and

e) the relevant provisions of the Memorandum and Articles of Association of the Company and

f) all other applicable rules, regulations, statutes, notifications, circulars, clarifications and/or guidelines, as may be applicable, as amended from time to time by the Government of India (“GOI”), the Ministry of Corporate Affairs (“MCA”), the Securities Exchange Board of India (“SEBI”), BSE Limited and National Stock Exchange Board of India Limited (collectively referred to as “Stock Exchanges”), the Reserve Bank of India (“RBI”) and/or any other regulatory body or authority as may be applicable and

g) subject to all requisite approvals, consents, permissions or sanctions (if any), as may be required from any regulatory/statutory authorities including GOI, MCA, SEBI, RBI and Stock Exchanges or other competent authority or any bank or financial institution (hereinafter singly or collectively referred to as the “Appropriate Authorities”) as may be required and

KDDL Limited

h) subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of the Appropriate Authorities while granting any such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee constituted or to be constituted by the Board to exercise its powers including the powers conferred by this resolution) and

i) subject to such conditions and modification as may be considered appropriate by the Board, consent of the Company be and is hereby accorded to create, offer, issue and allot 4,16,666 (Four Lakhs Sixteen Thousands Six Hundred Sixty Six) Equity Shares of Rs. 10 each (“Equity Shares”), on preferential basis for cash at floor price of Rs. 480 (Four Hundred Eighty) per Equity Share (including premium of 470 per Equity Share) subject to pricing guidelines as defined under the provisions of ICDR Regulations, aggregating upto Rs. 20,00,00,000/- (Twenty Crores only), to the following subscribers :

Sr. No.	Name of the Subscriber	Category	No. of Shares	Total Consideration
1	Alchemy Leaders of Tomorrow	A scheme launched by a trust, Alchemy Alternative Investment Trust which is organized in India and registered with Securities and Exchange Board of India (SEBI) as a Category III – Alternative Investment Fund vide registration number IN/AIF3/17-18/0381	2,29,166	Rs. 11 crores (Rupees Eleven crores only)
2	Partner Reinsurance Europe SE	A Foreign Portfolio Investor having SEBI registration no. INIRFP238817 and is registered under the Securities Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.	1,87,500	Rs. 9 crores (Rupees Nine crores only)
	Total		4,16,666	Rs. 20 crores (Rupees Twenty crores only)

(collectively known as “Subscribers”)

KDDL Limited

RESOLVED FURTHER THAT the allotment of the Equity 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 Equity Shares is pending on account of pendency of any approval for such allotment by any appropriate 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 Equity Shares has been calculated in accordance with the provisions of Chapter VII of ICDR Regulations.

RESOLVED FURTHER THAT in accordance with the provisions of ICDR Regulations, the “Relevant Date” for the purpose of determination of the price of the Equity Shares to be issued and allotted as above shall be 13th June, 2018, being the date falling 30 (thirty) days prior to the date of this Annual General Meeting being held on 14th July, 2018 to approve this offer.

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

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

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

RESOLVED FURTHER THAT the Equity Shares so issued by the Company to the Subscribers 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 merchant bankers, consultants, solicitors, bankers, registrars, 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 of Equity Shares and utilisation of issue proceeds thereof and to form a Committee of the Board and delegate and/or all or any of its power to such Committee (including any officer of the Company).

RESOLVED FURTHER THAT for the purpose of giving effect to the issue, Chairman & Managing Director, Whole Time Director cum Chief Financial Officer and Company Secretary 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 said Issue of Equity 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 required disclosures to the stock exchanges where the securities of the Company are listed 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."

NOTES:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business as proposed above to be transacted at the 38th Annual General Meeting (AGM) is annexed hereto.
2. The Board of Directors of the Company ("the Board") at its meeting held on 14th May, 2018 approved the Notice convening the 38th Annual General Meeting (AGM) of the Company scheduled to be held on Saturday, 14th July, 2018. Also, the Board at its meeting held on 11th June, 2018 considered and approved First Addendum containing the Special Business to be approved by the Shareholders at ensuing AGM of the Company. Subsequently, the Funds Raising Committee of the Board of Directors at its meeting held on 15th June, 2018 considered and approved this Addendum containing the Special Business to be approved by the Shareholders of the Company at AGM of the Company.
3. Relevant documents referred to in this Addendum to Notice of AGM shall be open for inspection by the Members at the Registered Office of the Company during normal business hours (11:00 a.m to 2:00 p.m.) on all working days up to and including the date of the AGM.
4. All the processes, notes and instructions relating to e-voting set out for and applicable to the ensuing AGM shall *mutatis-mutandis* apply to the e-voting for the Resolution proposed in this Addendum to the Notice of 38th AGM. Furthermore, the Scrutinizer appointed for the ensuing 38th AGM will act as Scrutinizer for the Resolution proposed in this Addendum.

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

ITEM NO. 11

It is proposed to raise the funds to meet the objective of long term capital resources, expansion plans, additional working capital requirements, to make any further investments in its subsidiaries or other general corporate purposes.

The Board at its meeting held on 11th June, 2018 constituted a Committee of the Board of Directors namely "Funds Raising Committee" ("the Committee") and delegated to the Committee all powers related to funds raising. The Committee at its meeting held on 15th June, 2018, subject to the approval of Shareholders, approved the issue of 4,16,666 (Four Lakhs Sixteen Thousands Six Hundred Sixty Six) of Rs. 10 each ("Equity Shares"), on a preferential basis to the Subscribers for cash at floor price of Rs 480 per Equity Share (including a premium of Rs. 470 per Equity Share) subject to pricing guidelines as defined under the provisions of ICDR Regulations, for a total subscription amount not exceeding Rs. 20,00,00,000/- (Rupees Twenty Crores only).

The issuance of the Equity Shares to the Subscribers on a preferential basis will be subject to customary conditions including applicable governmental and regulatory approvals and other third party approvals. The Equity Shares allotted to the Subscribers shall rank *pari-passu* with all other equity shares of the Company in respect of all rights including dividend.

KDDL Limited

In terms of the provisions of the Companies Act, 201 and the ICDR Regulations, the relevant disclosures / details are given below :

a	The objects of the preferential issue	The funds are required for long term capital resources, expansion plans, additional working capital requirement, to make any further investments in its subsidiaries or 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:-																																								
<table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Pre Issue on 15-06-2018 *</th> <th rowspan="2">Preferential Issue of Equity Shares</th> <th colspan="2">Post Issue</th> </tr> <tr> <th>No. of shares held</th> <th>%age of share holding</th> <th>No. of shares held</th> <th>%age of share holding (Approx.)</th> </tr> </thead> <tbody> <tr> <td>Promoter (A)</td> <td>52,38,447</td> <td>46.70</td> <td>-</td> <td>52,38,447</td> <td>45.03</td> </tr> <tr> <td>Public (B)</td> <td>59,78,495</td> <td>53.30</td> <td>4,16,666</td> <td>63,95,161</td> <td>54.97</td> </tr> <tr> <td>Total (A+B)</td> <td>1,12,16,942</td> <td>100.00</td> <td>-</td> <td>,1 16 33 608</td> <td>100.00</td> </tr> <tr> <td>Non- Promoter Non Public (C)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Grand Total (A+B+C)</td> <td>1,12,16,942</td> <td>100.00</td> <td>-</td> <td>1,16,33,608</td> <td>100.00</td> </tr> </tbody> </table> <p>* Including 2,64,150 Equity Shares of Rs. 10 each allotted on 15th June, 2018 to M/s Swades Capital LLC, a promoter group entity, upon conversion of Zero Coupon Convertible Warrants issued on Preferential Basis on 21st December, 2016.</p>			Particulars	Pre Issue on 15-06-2018 *		Preferential Issue of Equity Shares	Post Issue		No. of shares held	%age of share holding	No. of shares held	%age of share holding (Approx.)	Promoter (A)	52,38,447	46.70	-	52,38,447	45.03	Public (B)	59,78,495	53.30	4,16,666	63,95,161	54.97	Total (A+B)	1,12,16,942	100.00	-	,1 16 33 608	100.00	Non- Promoter Non Public (C)	-	-	-	-	-	Grand Total (A+B+C)	1,12,16,942	100.00	-	1,16,33,608	100.00
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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 subject 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 by them and change in control, if any, in the issuer consequent to the preferential	<p>(1) Alchemy Leaders of Tomorrow, a Scheme launched by a trust, Alchemy Alternative Investment Trust which is organized in India and registered with Securities and Exchange Board of India (SEBI) as a Category III – Alternative Investment Fund vide registration number IN/AIF3/17-18/0381 and a non-promoter group entity.</p> <p>Pre Preferential Issue % holding : Nil</p> <p>Post Preferential Issue % holding : 1.97%</p>																																								

KDDL Limited

	issue	<p>There is no natural person/individual who are ultimately holding greater than or equal to 25% beneficial ownership interest directly/indirectly in the entity.</p> <p>(2) Partner Reinsurance Europe SE, a Foreign Portfolio Investor having SEBI registration no. INIRFP238817 and is registered under the Securities Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and non-promoter entity.</p> <p>Pre Preferential Issue % holding : 1.08%</p> <p>Post Preferential Issue % holding : 2.65%</p> <p>There is no natural person/individual who are ultimately holding greater than or equal to 25% beneficial ownership interest directly/indirectly in the entity.</p>
F	An undertaking that the issuer shall re-compute 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 and National Stock Exchange of India Ltd.(NSE) for more than twenty six (26) weeks, 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 the BSE Limited and National Stock Exchange of India Ltd.(NSE) for more than twenty six (26) weeks, the same is not applicable to the Company.
H	Disclosures, similar to disclosures specified in Part G of Schedule VIII, if the issuer or any of its promoters or directors is a wilful defaulter.]	Not Applicable
I	Relevant Date	The Relevant Date is 13 th June, 2018 which is 30 days prior to the date of 38 th Annual General Meeting for approval of the preferential allotment.
J	The price at which the allotment is proposed;	The equity shares shall be priced at floor price of Rs. 480 (Four Hundred Eighty) per Equity Share of Rs. 10 each (including premium of 470 per Equity Share) subject to pricing guidelines as defined under the provisions of ICDR Regulations.
K	Basis on which the price has been arrived at	In terms of ICDR Regulations, the equity shares shall be allotted at a price not less than higher of the following :
		<p>a. Average of the weekly high and low of the volume weighted average prices of the equity shares of the Company quoted on the stock exchange, during the twenty six weeks preceding the Relevant Date or</p> <p>b. Average of the weekly high and low of the volume weighted average price of the equity shares of the Company quoted on the stock exchange, during the two weeks preceding the Relevant Date.</p> <p>Highest trading volume in respect of the equity shares of the Company has been recorded on National Stock Exchange of India (NSE) during the preceding two weeks prior to the relevant date.</p>

KDDL Limited

L	Payment and conversion terms	Full consideration shall be paid by the allottees before the time of allotment of such shares.																																								
M	Auditor's Certificate	A copy of the Auditor's certificate certifying the compliance with 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 upto the date of the meeting.																																								
N	Lock In	The Issue shares to be allotted on preferential basis shall be locked-in as under the provisions of Chapter VII of ICDR Regulations.																																								
O	The total number of shares or other securities to be issued.	4,16,666 (Four Lakh Sixteen Thousand Six Hundred Sixty Six) Equity Shares of face value of Rs 10/-each.																																								
P	The class or classes of persons to whom the allotment is proposed to be made.	<p>(i) Alchemy Leaders Of Tomorrow : a Scheme launched by a trust, Alchemy Alternative Investment Trust which is organized in India and registered with Securities and Exchange Board of India (SEBI) as a Category III – Alternative Investment Fund vide registration number IN/AIF3/17-18/0381</p> <p>(ii) Partner Reinsurance Europe SE : A Foreign Portfolio Investor having SEBI registration no. INIRFP238817 and is registered under the Securities Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.</p>																																								
Q	The change in control, if any, in the company that would occur consequent to the preferential offer.	<p>The following is the shareholding structure of the Company :</p> <table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Pre Issue on 15-06-2018</th> <th rowspan="2">Preferential Issue of Equity Shares</th> <th colspan="2">Post Issue</th> </tr> <tr> <th>No. of shares held</th> <th>%age of share holding</th> <th>No. of shares held</th> <th>%age of share holding (Approx.)</th> </tr> </thead> <tbody> <tr> <td>Promoter (A)</td> <td>52,38,447</td> <td>46.70</td> <td>-</td> <td>52,38,447</td> <td>45.03</td> </tr> <tr> <td>Public (B)</td> <td>59,78,495</td> <td>53.30</td> <td>4,16,666</td> <td>63,95,161</td> <td>54.97</td> </tr> <tr> <td>Total (A+B)</td> <td>1,12,16,942</td> <td>100.00</td> <td>-</td> <td>1,16,33,608</td> <td>100.00</td> </tr> <tr> <td>Non-Promoter Non Public (C)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Grand Total (A+B+C)</td> <td>1,12,16,942</td> <td>100.00</td> <td>-</td> <td>1,16,33,608</td> <td>100.00</td> </tr> </tbody> </table>	Particulars	Pre Issue on 15-06-2018		Preferential Issue of Equity Shares	Post Issue		No. of shares held	%age of share holding	No. of shares held	%age of share holding (Approx.)	Promoter (A)	52,38,447	46.70	-	52,38,447	45.03	Public (B)	59,78,495	53.30	4,16,666	63,95,161	54.97	Total (A+B)	1,12,16,942	100.00	-	1,16,33,608	100.00	Non-Promoter Non Public (C)	-	-	-	-	-	Grand Total (A+B+C)	1,12,16,942	100.00	-	1,16,33,608	100.00
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Promoter (A)	52,38,447	46.70	-	52,38,447	45.03																																					
Public (B)	59,78,495	53.30	4,16,666	63,95,161	54.97																																					
Total (A+B)	1,12,16,942	100.00	-	1,16,33,608	100.00																																					
Non-Promoter Non Public (C)	-	-	-	-	-																																					
Grand Total (A+B+C)	1,12,16,942	100.00	-	1,16,33,608	100.00																																					

KDDL Limited

R	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.	The Company has allotted 2,64,150 Equity Shares of Rs. 10 each at a price of Rs. 265 each (including a premium of Rs. 255 each) on 15 th June, 2018 to M/s Swades Capital LLC, a promoter group entity, upon conversion of Zero Coupon Convertible Warrants issued on Preferential Basis on 21 st December, 2016.
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In accordance with the provisions of Sections 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), if any, (including any amendments, statutory modification(s) and/ or re-enactment thereof for the time being in force), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of members is required by way of Special Resolution for making any further issue of Equity Shares.

Accordingly, consent of the Members is sought for passing the Special Resolution as set out at Item no. 11 of this addendum for further issue of securities as mentioned above.

None of the Directors of the Company or Key Managerial Personnel or their relatives are in any way, concerned or interested in the resolution.

The Board recommends the Special Resolution set out at Item No. 11 of this addendum for the approval by the Members.

Date: 15 June, 2018
Place: Chandigarh

By order of the Board

Brahm Prakash Kumar
Company Secretary
Membership no. 7519