KDDL Limited

ANNUAL REPORT
2015 - 2016

BAKERS
Bank of India
Corporation Bank
IDBI Bank Limited

COMPANY SECRETARY AND COMPLIANCE OFFICER
Mr. Raman Kumar Sood

AUDITORS
Messrs Walker Chandiok & Co. LLP
Chartered Accountants
L-41, Connaught Circus,
New Delhi – 110 001

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

REGISTERED OFFICE & DIALS UNIT – I
Plot No. 3, Sector III,
Parwanoo – 173 220 (H.P.)

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

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

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

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

PACKAGING UNITS
UNIT – I
Plot No. 25/1, Industrial Area,
Phase – II, Chandigarh – 160 002

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

PRECISION STAMPING UNIT S (EIGEN)
UNIT - I
408, 4th Main, 11th Cross, Peenya Industrial Area,
Bangalore – 560 058 (Karnataka)

DELHI OFFICE
Shop No. 204-206, Square One Shopping Complex
District Centre, Saket
New Delhi-110 065

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

BOARD OF DIRECTORS:

Mr. Rajendra Kumar Saboo	-	Chairman
Mr. Yashovardhan Saboo	-	Vice Chairman and Chief Executive Officer
Mr. Chandra Mohan	-	Independent 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	-	Independent Director
Mr. Sanjeev Kumar Masown	-	Whole Time Director -cum- Chief Financial Officer

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KDDL Limited

(CIN - L33302HP1981PLC008123)
Registered Office: Plot No 3, Sector-III, Parwanoo, Distt. Solan, H. P.-173220
Email: investors.relations@kddl.com, Website: www.kddl.com
Phone: 0172-2548223/24 & 27, Fax: 0172-2548302

NOTICE

NOTICE IS HEREBY GIVEN THAT the **36th ANNUAL GENERAL MEETING of KDDL Limited** will be held at Hotel Timber Trail Resorts, Parwanoo-173220 (H.P.) on Friday, 12th day of August, 2016 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, 2016, the reports of the Board of Directors and Auditors thereon.

2. To confirm the payment of interim dividend as final dividend on equity shares for the financial year 2015-16.

3. To appoint a director in place of Mr. R.K. Saboo, (DIN-00012194) who is liable to retire by rotation and being eligible, offers himself for re-appointment.

4. To ratify the appointment of M/s. Walker Chandiok & Co.LLP, Chartered Accountants (ICAI Registration No. 001076N/N500013) as statutory auditors of the Company and fix their remuneration upto the conclusion of 37th Annual General Meeting.

SPECIAL BUSINESS:

5. **Appointment of Mr. Vishal Satinder Sood (DIN-01780814) as nominee and non-executive director of the Company.**

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

   "RESOLVED that pursuant to the provisions of Sections 149, 161 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), if any, Mr. Vishal Satinder Sood (holding DIN 01780814), who was appointed as an additional director of the Company w. e. f 02.09.2015 and who holds office up to the date of this Annual General Meeting is eligible for appointment, and in respect of whom a notice under section 160 of the Companies Act, 2013, has been received from a member proposing his candidature for the office of Director, be and is hereby appointed as nominee and non-executive director of the company, liable to retire by rotation."

6. **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 an **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 modification(s) or re-enactment thereof for the time being in force), and all other applicable laws, if any, consent of the members 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. 30th May, 2016, 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".

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

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

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

By Order of the Board
For KDDL Limited

Date : 30-5-2016
Place : Chandigarh

(R.K. Sood)
Company Secretary
F-3722

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 5th August, 2016 to 12th August, 2016 (both days inclusive) for annual closing.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.**

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

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

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

   The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends. The Members who have not encashed their dividend warrants so far are requested to immediately return the outdated warrants to the Company to enable the Company to issue D/D in lieu thereof.

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

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

their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

9. Details in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

10. Electronic copy of the Annual Report for 2015-16 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-16 is being sent in the permitted mode.

11. Electronic copy of the Notice of the 36th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 36th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

12. Members may also note that the Notice of the 36th Annual General Meeting and the Annual Report for 2015-16 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 at Parwanoo for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor.complaints@kddl.com.

13. **Voting through electronic means:**

    I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended up to date, the Company is pleased to provide member's facility to exercise their right to vote at the 36th Annual General Meeting (AGM) by electronic means and the business may be transacted through **e-Voting platform provided by Karvy.**

    The instructions for e-voting are as under:

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

    ii. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, i.e. 5th August, 2016 (End of Day) may cast their vote electronically.

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

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

    v. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case

(A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

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

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

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

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

xi. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

xii. The Portal will be open for e-voting from 9th August, 2016 at 10.00 a.m. to 11th August, 2016 till 5.00 p.m.

xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of http://evoting.karvy.com or contact Karvy Computershare Pvt. Ltd at Tel No. 1800 345 4001 (toll free).

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

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

IV. The results shall be declared on or after the AGM of the Company. The results along with the Scrutinizer's Report shall be placed on the Company's website www.kddl.com and on the website of **Karvy.**

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

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

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

ITEM NO. 5

In order to comply with the various provisions of relevant clauses of the Investment Agreement executed between the Company and SAIF India V FII Holdings Limited (a non-promoter), a Qualified Institutional Buyer ('Investor'),and in accordance with Clause 98-A of the Articles of Association of the Company, Mr. Vishal Satinder Sood , nominee of the said Investor was appointed as an Additional Director of the Company at the Board of Directors meeting held on 02-09-2015, who holds office till this Annual General meeting of the company. As per the said clause 98-A, the director so appointed shall be reappointed as director liable for retirement by rotation.

The nomination and remuneration committee and the Board in their meeting held on 30-5-2016 has approved the appointment of Mr. Vishal S. Sood as nominee and non-executive director of the company.

Notice has been received from member proposing Mr. Vishal Satinder Sood as candidate for the office of Director of the company. 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. Sood, 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. Mr. Sood is not the member /Chairman of any Committee of the Board of the Company. Mr. Sood does not hold any shares of the Company.

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 any working days from 11.00 am to 2.30 pm and shall also be available on the website of the company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives except Mr. Vishal S Sood is interested in the aforesaid resolution.

The Board recommends the Resolution for the approval of the shareholders.

ITEM NO. 6

The Board of Directors at its meeting held on 30-5-2016 has 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. Notice has been received from member proposing Mr. Sanjeev Kumar Masown as candidate for the office of Director of the company. 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.Mr. Masown is the member of Stakeholder's Relationship Committee of the Company. Mr.Sanjeev Kumar Masown holds 2000 equity shares of the Company.

The nomination and remuneration committee and the Board in their meeting held on 30-5-2016 has approved the appointment and remuneration of Mr. Sanjeev Kumar Masown as whole time director with functional designation as CFO of the company.

The terms and conditions of appointment and remuneration as recommended by the nomination and remuneration committee and further approved by the Board of Directors of the company are as follows:-

Particulars	2016-17	2017-18	2018-19
Basic Salary (Per Month)	Rs. 1,35,000	Rs. 1,47,000	Rs. 1,58,000
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. 81,000	Rs. 88,200	Rs. 94,800
Special / Floating Allowance(Per month)	Rs. 1,45,750	Rs. 1,60,150	Rs. 1,73,350
Medical Re-imbursement : 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 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. 13,50,000	Rs. 15,00,000	Rs. 18,00,000
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 upto the limit payable under the Payment of Gratuity Act, 1972; c. Earned leave encashment. d. Children education allowance uptoRs. 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.			

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 any working days from 11.00 am to 2.30 pm and shall also be available on the website of the company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives except Mr. Sanjeev Kumar Masown is interested in the aforesaid resolution.

The Board recommends the Resolution for the approval of the shareholders.

ITEM NO. 7

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

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

In view of the foregoing, it is therefore necessary for the shareholders to pass an ordinary resolution required under section 73(2) and other applicable provisions of the Companies Act, 2013 as set out at Item No. 6 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 resolution for the approval of the Shareholders.

By Order of the Board
For KDDL Limited

Date : 30-5-2016
Place : Chandigarh

(R.K. Sood)
Company Secretary
F-3722

Brief Resume of the Directors being appointed/re-appointed at the Annual General Meeting.

Name of the Director	Mr. R.K. Saboo	Mr. Vishal Satinder Sood	Mr. Sanjeev Kumar Masown
Date of Birth	11.08.1934	27-02-1972	30-09-1969
Date of first Appointment	08-01-1981	02-09-2015 as additional director	30-05-2016 as additional director
Qualification and experience in specific functional areas	He is B.Sc and has vast experience of 57 years. He is promoter director since inception.	He is B.E. in Computer Science and M.B.A. from I.I.M. Ahmedabad. He has worked in investment banking at Kotak, SSKI, and SBI Capital Markets. He has spent three years as an ERP consultant with Quinnox. His primary area of focus is in growth equity.	He is M.Com and Cost & Management Accountant (CMA). He has more than 24 years of experience. He is the CFO of the company since 2011.
List of other companies in which Directorship held	Saboo Coatings (P) Ltd. Saboo Hesse Wood Coatings P Ltd. Saboo Speciality Coatings (P) Ltd. Vardhan Properties & Investment Ltd.	SAIF Advisors (P) Ltd. Manpasand Bevereges Ltd. Pennar Industries Ltd. Zooropa Foods (P) Ltd. TMA Hospitality (P) Ltd. Vrinda Foods & Hospitality (P) Ltd. Lightfoot Consulting (P) Ltd. Senco Gold Ltd. Aye Finance (P) Ltd. Fizzy Foodlabs (P) Ltd. Glitterbug Technologies (P) Ltd. Emtex Engineering (P) Ltd.	Satva Jewellery & Design Ltd.
Chairman/Member of the Committees of the Board of the Company	Audit Committee (Member) Corporate Social Responsibility Committee (Chairman)	Nil	Stakeholders Relationship Committee(Member)
Chairman/Member of the Committees of Board of other companies in which he is a Director	Nil	Senco Gold Ltd. Nomination & Remuneration Committee (Member) Corporate Social Responsibility Committee (Member)	Nil
Number of Shares held in the company	2058460	Nil	2000
Relationship with any Director(s) of the company	Related with Mr. Yashovardhan Saboo	Nil	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors present this 36th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2016.

OPERATIONS AND PROSPECTS

Financial Results (Standalone and Consolidated)

The summary of operating results for the year 2015-16 and appropriation of divisible profits is given below:

Amount in Rs millions

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Gross Operating Income	1234.4	1310.4	4542.2	4157.1
Profit before interest, depreciation and exceptional item	228.2	259.9	341.5	410.4
Less: Finance Cost	62.2	80.6	150.2	153.4
Gross Profit	166.0	179.3	191.3	257.0
Less: Depreciation and amortisation	68.9	73.9	112.3	118.2
Profit before exceptional Items and tax	97.1	105.4	79.0	138.8
Less/(Add): Exceptional items	0.0	1.4	0.0	0.0
Profit Before tax	97.1	104.0	79.0	138.8
Less: Provision for Income Tax, Deferred Tax	31.3	38.9	37.1	50.8
Profit after tax but before minority Interest	65.8	65.1	41.9	88.0
Less: Share in Profit/(Loss) of Associates	-	-	0.1	-
Adjustment for Minority interest	-	-	11.1	(1.5)
Net Profit / (Loss) for the Year	**65.8**	**65.1**	**53.1**	**86.5**
Add: Profit brought forward from previous year	78.4	80.9	-49.1	-40.8
Profit available for appropriation	**144.2**	**146.0**	**4.0**	**45.7**
Appropriated as under:				
Adjustment in reserves pursuant to applicability of schedule II of Companies Act, 2013	0.0	24.0	0.0	27.1
Deffered tax adjustments for fixed assets written off	0.0	-8.3	2.7	-9.3
Transfer to Minority reserve	0.0	0.0	-3.9	0.1
Proposed Dividend	15.1	18.2	15.1	18.2
Corporate Dividend Tax	3.1	3.7	3.1	3.7
Transfer to General Reserve	20.0	30.0	20.0	30.0
Dividend on Cumulative Preference Shares (Net of Excess Provision)	0.0	0.0	16.1	25.0
Total Appropriation	**38.2**	**67.6**	**53.1**	**94.8**
Surplus carried forward to Balance Sheet	106.0	78.4	-49.1	-49.1

PERFORMANCE AND PROJECTIONS

During the year under review, the Company achieved consolidated sales revenue of Rs. 4542 million against Rs. 4157 million in the previous year, witnessing a growth of 9.3%. The profit before tax declined from Rs. 139 million to Rs. 79 million, representing a decline of 43%.

Sales revenue from manufacturing operations on standalone basis was Rs. 1234 Million against Rs. 1310 Million in the previous year, thereby registering a decline of 5.8%. The company earned net profit after tax of Rs. 66 million against Rs. 65 million in the previous year.

Sales revenue in retail business of the company (Ethos) increased from Rs. 2810 million in previous year to Rs. 3287 million registering a healthy growth of 17%, but the profit after tax declined from Rs. 24 million to a loss of Rs. 59 million.

Manufacturing Business Segments

All manufacturing units of the Company faced sluggish market environments which lead to decline in turnover during the year. The total revenue from watch components segment declined by 4.8%, primarily because of major slowdown in export markets. The total revenue of precision engineering business during the year declined by 6.5%, primarily on account of decline in direct and indirect exports. The revenue of the precision engineering business from domestic market grew by more than 25%. The ornamental packaging business of the company witnessed a revenue decline of 16%.

The decline in revenue and profitability of the company was also due to reduction of export incentives on the watch components from 5% in the previous year to zero in the first part of the year under review and later restored partially only to 2% .

The requirement of watch components from domestic watch industry was also irregular compared to the previous year which led to sub optimal utilization of the capacities and resources.

Your Company's continuing efforts for improving the average price realization by manufacturing components with additional features and higher complexity is moving in the right direction and it will lead to improved and better financial performance in the coming periods. The strategic actions of management for enhancing operational performance are in the right direction and with the improvement in market environment and conditions, better results are expected in the coming periods.

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

The Precision Engineering business of the Company is likely to witness a healthy growth in revenue from next year onwards. Your company has identified the key additional capabilities and structurally making progress in the identified markets and improving the critical levers of operational performance, which will yield healthy growth and returns in the ensuing period.

Efforts for improving the reach to customers by show-casing our capabilities and competitiveness are bearing fruits. Your company has established its reputation as a quality supplier with the ability to meet sophisticated customer needs. The Company continues to believe that this business segment will be a major source of growth in revenue and profitability in the coming years. Company is judiciously investing and moving in the direction of a high growth trajectory in various emerging opportunities.

Retail Business Segments:-

During the course of the year, the retail business ETHOS continued its topline growth. The company's net sales grew from Rs. 281 crores in FY14-15 to Rs. 329 cr in FY15-16, (+ 17%), with a healthy like-to-like growth of billings at store level at 12%. However, the implementation of Rs. 2,00,000 PAN card threshold rule had a large immediate impact on the sales of the company, especially during the last quarter. Further, the company also faced margin pressures due to the higher competitive environment, brought about partly by the new PAN rules, and also due to unfavourable exchange rate and higher taxes. As a result of these challenges the business recorded a loss before tax of Rs. 4.63 Cr in the year compared to profit of Rs. 3.54 Cr in the previous year. The EBIDTA recorded by the business in the year is Rs. 7.40 Cr, about 2.3% of the net sales of the year.

The impact of the new PAN rules is likely to diminish gradually as the rules gain wider acceptance amongst the watch customers. The business is already witnessing a recovery of growth. The business is also taking pro-active steps to modify its growth strategy to counter the negative impact of the PAN rules on the very high price points and to nullify the margin pressures in general.

The Directors are hopeful of the introduction of GST in the near future. This will have a very healthy impact on the Company. The Company has a pan India presence but archaic laws make it very difficult and expensive to leverage this presence. In addition, the levy of multiple taxes, especially customs, service tax, sales tax, etc. has an impact on the profitability of the Company. The introduction of GST will not just lead to administrative ease for serving customers across geographies, it will also have direct positive impact on the profitability of the Company.

The Packaging division operational revenue was lower due to decline in order position from jewellery and writing instruments market segment. However, the efforts of the company in consolidation of the manufacturing facilities and control of overheads lead to sharp reduction in losses from the business. The major segments of the business are showing irregular and cyclic fluctuations in the demand, which leads to a pressure on the operational continuity. The Company is taking necessary proactive actions to add new customers and move into higher average realizations to contain losses and turn around this division.

The Company's Swiss subsidiary, Pylania SA in Switzerland financial performance is as per the expected levels and continuously improving year on year by adding new streams of the revenue and curtailing the overheads. We foresee that the watch component manufacturing business of Company will witness recovery with the implementation of the new "Swiss Made" regulations that will be implemented from January 2017.

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

LISTING OF SHARES

During the year, the Equity shares of the company were also listed at National Stock Exchange of India Limited, (NSE) w.e.f. 23rd March 2016. The Equity Shares of the Company are already listed on the BSE Limited

The Company has paid the Annual Listing Fees to National Stock Exchange of India Limited and The BSE Ltd. for the financial year 2016-17.

DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES

As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a

separate statement containing the salient features of the financial statements of the Subsidiary Companies/ Associate Companies/Joint Ventures is prepared in Form AOC-1 and the same is enclosed as Annexure-1 to this Report.

CONSOLIDATED FINANCIAL STATEMENTS

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

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

EXTRACT OF ANNUAL RETURN

The extract of Annual Return, in Form MGT -9 for the Financial Year 2015-16 has been enclosed with this report as Annexure 2.

NUMBER OF BOARD MEETINGS

The detail of number of meetings of the Board held during the financial year 2015-16 forms part of the Report on Corporate Governance in terms of Regulation 34(3) of Securities & Exchange Board of India(Listing obligations and Disclosure requirements) Regulations, 2015.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134(3)(c) of The Companies Act, 2013, the Board confirm and report that:-

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

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

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

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

(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 COMMITTEE POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of

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

AUDITORS

M/s Walker Chandiok & Co. LLP, Chartered Accountants, Statutory Auditors of the Company were appointed for a period of two years at the last Annual General Meeting of the company and as per terms of appointment, their appointment is subject to ratification by shareholders in the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of section 141 of the Companies Act, 2013.

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

SECRETARIAL AUDIT REPORT

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

There is no qualification or observation or remarks made by the Secretarial Auditors in their report.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

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

Details of Investments:-

SL No	Date of invest-ment	Details of Investments	Amount (in Rs.)	Purpose for which the proceeds from investment is proposed to be utilized by the recipient	Date of Board Resolution	Date of Special Resolution (if any)	Expected rate of return
1	29.07.15	279720 Equity Shares of Rs. 10/- each at a premium of Rs. 133 per share.	400 lacs	Investment in subsidiary company Ethos Limited	28.05.2015	28.08.2014	N.A.
2	08.09.15	Investment in Equity Capital	CHF 300000	Investment in Wholly owned subsidiary Kamla International Holdings SA	14.08.2015	28.08.2014	N.A.

3.	16.12.15	Purchase of 1,14,350 12% Cumulative Convertible Preference Shares @ Rs. 56 per share	64,03,400/-	Investment in subsidiary company Mahen Distribution Ltd.	31.10.2015	28.08.2014	12% p.a.
4	03.11.15	279720 Equity Shares of Rs. 10/- each at a premium of Rs. 133 per share.	400 lacs	Investment in subsidiary company Ethos Limited	31.10.2015	28.08.2014	N.A.
5	06.02.16	209790 Equity Shares of Rs. 10/- each at a premium of Rs. 133 per share.	300 Lacs	Investment in subsidiary company Ethos Limited	06.02.2016	28.08.2014	N.A.

Details of Guarantee / Security Provided:

Sl No	Date of providing security/ Guarantee	Details of recipient	Amount (in Rs.)	Purpose for which the security/ guarantee is proposed to be utilized by the recipient	Date of Board Resolution	Date of Special Resolution (if any)	Commission
1	31.10.15	IDBI Bank Limited	1.75 crores	Enhancement of Working Capital Facilities of the subsidiary Company Ethos Limited	31.10.2015	28.08.2014	Nil
2	31.10.15	Bank of Maharashtra	12.00 crores	Working Capital Facilities for subsidiary Company Ethos Limited	31.10.2015	28.08.2014	NIL

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2015-16 in the prescribed Form AOC 2 has been enclosed with the report as Annexure 4.

TRANSFER TO RESERVES

The Board of Directors of the Company has decided to transfer Rs 20 million to its General Reserves.

DIVIDEND

During the Financial Year 2015-16, the Board of Directors have declared and paid Interim Dividend @ 15% , i.e. Rs. 1.50 per share to the shareholders whose names appeared on the register of members as on record date , i.e. 26th February 2016. In order to conserve the financial resources for the overall growth of the company, your directors have decided to confirm the interim dividend as final dividend for the year.

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

In terms of Section 125 of the Companies Act, 2013, the Unclaimed Dividend of Rs. 2,20,646 relating to the financial years 2007-08 was transferred to the Investor Education and Protection Fund established by the Central Government during the year.

MATERIAL CHANGES AFFECTING 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, 2016 to the date of signing of the Director's Report.

There is no significant and material orders passed by any regulators or courts or tribunals against the company impacting the going concern status and company's operations in future.

RISK MANAGEMENT POLICY

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

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

Risks of Specific Nature

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

- Risks due to decline in overall demand for watches and overdependence on watch segment;
- Risks pertaining to over dependence on few customers;
- Foreign Exchange Risks;

- Risk related to availability of Skilled manpower;
- Risks related to compliance and statutory requirements

Risk Strategy

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

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

Risk Management Framework

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Company is committed to discharge its social responsibility as a good corporate citizen. The company has duly constituted CSR Committee which is responsible for fulfilling the CSR objectives of the Company. As on 31st March, 2016 the Committee comprised of 5 (five) Directors viz. Mr. R. K. Saboo as Chairman and Mr. Yashovardhan Saboo, Ms. Ranjana Agarwal, Mr. Jagesh Khaitan and Mr. Chandra Mohan as members.

As part of its social responsibility, the Company has constructed new borewell for the toilet blocks to ensure permanent supply of water at Derabassi, Punjab. The company has also contributed to Mutiple Sclerosis Society of India (MSSI), Mumbai and KDDL-Ethos foundation. These projects have been undertaken to carry

services and in compliance to the provision of the Section 135 of the Companies Act, 2013 read with Schedule VII and rules made there under and in accordance with Company's CSR Policy. The Report on CSR required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure -5 forming part of this report, and is also available on company's website www.kddl.com.

MECHANISM FOR EVALUATION OF BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and regulation 17(10) of SEBI (LODR) regulations, 2015, a structured procedure was adopted after taking into consideration the various aspects of the Board's functioning, composition of the Board and its various Committees, execution and performance of specific duties, obligations and governance.

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

DIRECTORS/KEY MANAGERIAL PERSONNEL

The term of appointment of Mr. Dinesh Agrawal as Chief Operating Officer of the company expired on 31st March 2016. Mr. Dinesh Agrawal has expressed his desire to resign as Director and his resignation was accepted by the Board w.e.f. 30th May, 2016. The Board of Directors record their appreciation for the commendable work done by Mr. Dinesh Agrawal during his tenure as Director of the company. Mr. Dinesh Agrawal has been one of the architects of company's foundation in 1983 and its growth over last 33 years. During his tenure with company, he held various positions in different roles of the units and he handled difficult situations and challenging environments very efficiently. He was a perfect combination of technocrat with business acumen and skills. He strongly upheld the values and ethics of the company. Mr Agrawal with his in depth analysis, calm and positive approach, strong relationship management and clear vision was a pillar of strength for the organisation.

In order to comply with the various provisions of relevant clauses of the Investment Agreement executed between the Company and SAIF India V FII Holdings Limited (a non-promoter), a Qualified Institutional Buyer ('Investor'), Mr. Vishal Satinder Sood , nominee of the said Investor was appointed as an Additional Director of the Company at the Board of Directors meeting held on 02-09-2015 in accordance with Clause 98-A of the Articles of Association of the Company, who holds office till ensuing Annual General meeting of the company. As per the said clause, 98-A, the director so appointed shall be reappointed on retirement by rotation.

Mr. Sanjeev Kumar Masown of the company was also appointed as whole time Director with functional designation of Chief Financial Officer by the Board of Directors on 30th May 2016.

Both of the Additional Directors hold office till conclusion of ensuing Annual General meeting and it is proposed and recommended to appoint Mr. Vishal Satinder Sood and Mr. Sanjeev Kumar Masown as Directors liable to retire by rotation.

As per provision of the Companies Act, 2013, Mr. R.K.Saboo retires by rotation as Director in ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

DEPOSITS

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

1.	Deposits Accepted during the year	:	Rs. 55,056,000
2.	Deposits outstanding at the end of the year	:	Rs. 113,698,000
3.	Deposits remained unpaid or unclaimed as at the end of the year	:	NIL
4.	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	:	NIL
5.	The details of deposits which are not in compliance with the requirements of Chapter	:	NIL

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

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

The formalized systems of control facilitate effective compliance as per applicable laws. 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 .

Report on adequacy of internal financial control is annexed with auditors report on financial statements.

CHANGES IN SHARE CAPITAL

During the Financial Year ended on 31st March, 2016, the paid up equity share capital of the Company has been increased from Rs. 9,07,64,700/- to Rs. 10,08,48,700/- pursuant to the issue and allotment of 1008400 equity shares at the price of Rs 297.50 per share (including a premium of Rs. 287.50 per share) by way of preferential allotment to SAIF India V Holdings Limited, a Category II Foreign Portfolio Investor, as authorized by the shareholders by way of Special Resolution passed at Annual General Meeting held on 24th August 2015.

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

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

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

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and regulation 16(b) of SEBI(LODR) Regulations, 2015.

During the financial year under the review, Mr. Praveen Gupta was appointed as Independent Director by the share holder at the previous AGM.

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 during the year under review.

MANAGERIAL REMUNERATION

Disclosures pursuant to section 197(12) of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed with this report as Annexure --8.

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

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

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Board of Directors of the Company has adopted Whistle Blower Policy which 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 has been employing about 259 women employees, both permanent as well as contractual in various fields within the factory premises and offices. The Company has in place a 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 2015-16 and hence no complaint is outstanding as on 31st March, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Report on Management Discussion and Analysis, pursuant to Scheduled V of SEBI(LODR) Regulations, 2015 is annexed to this report as Annexure - 9.

CORPORATE GOVERNANCE

The Company has complied with all the conditions of Corporate Governance as stipulated in SEBI(LODR) Regulations, 2015 during the year ended on 31st March, 2016 as per Report on Corporate Governance annexed as Annexure -10 and a Certificate from the Auditors to this effect for the year ended on 31st March, 2016 is also enclosed with this report.

CASH FLOW ANALYSIS

In conformity with the provisions of Clause 34(2) of SEBI(LODR) Regulations, 2015, the Cash Flow Statement for the year ended on 31st March, 2016 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.

For and on behalf of the Board of Directors

Date: 30-5-2016	**(Anil Khanna)**	**(Yashovardhan Saboo)**
Place: Chandigarh	Director	Vice Chairman-cum-CEO
	DIN-00012232	DIN-00012158

Annexure-1

Form AOC-1

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

Part "A": Subsidiaries

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

Particulars				
Name of the subsidiary	**Pylania S.A.**	**Kamla International Holdings AG**	**Ethos Limited**	**Mahen Distribution Limited**
	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31/3/2016	31/3/2016	31/3/2016	31/3/2016
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rs	Rs	Rs	Rs
Share capital	105,064,333	38,351,064	319,569,100	74,812,200
Reserves & surplus	87,815,480)	2,638,731	251,803,352	(1,784,137)
Total assets	95,113,230	40,989,795	2,081,247,464	90,486,803
Total Liabilities	77,864,377	NIL	1,509,875,012	17,458,740
Investments	NIL	NIL	NIL	NIL
Turnover	22,609,776	350,384	3,287,889,296	2,547,986
Profit before taxation	3,775,421	(291,133)	(46,283,068)	(1,315,350)
Provision for taxation	NIL	NIL	13,183,433	-
Profit after taxation	3,775,421	(291,133)	(59,466,501)	(1,315,350)
Proposed Dividend	NIL	NIL	NIL	NIL
% of shareholding	79	100	81	100

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

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

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/Joint Ventures	Kamla Tesio Dials Limited	Satva Jewellery and Design Limited
1. Latest audited Balance Sheet Date	31/3/2016	31/3/2016
2. Shares of Associate/ Joint Ventures held by the company on the year end		
No.	300,000	1,500,000
Amount of Investment in Associates/ Joint Ventures	3,000,000	15,000,000
Extent of Holdings %	30%	50%
3. Description of how there is significant influence	Associate	Joint Venture
4. Reason why the associate/ joint venture is not consolidated	N.A.	N.A.
5. Networth attributable to Shareholding as per latest audited Balance Sheet	2,651,490	3,045,521
6. Profit/ Loss for the Year	429,573	(2,783,565)
i. Considered in Consolidation	128,872	(1,391,783)
ii. Not Considered in Consolidation	300,701	(1,391,782)

For & on behalf of the Board

Date: 30-5-2016
Place: Chandigarh

Anil Khanna
Director

Yashovardhan Saboo
Vice Chairman-cum-CEO

Annexure-2

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

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

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN :- L33302HP1981PLC008123

ii) Registration Date :- 8th January, 1981

iii) Name of the Company :- KDDL Limited

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

v) Address of the Registered office and contact details :-
Plot No. 3, Sector III, Parwanoo 173 220 (Himachal Pradesh)
Telephone no.: 01792-232462/233402
Fax no.: 01792-232619

vi) Whether listed company :- Yes

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:-

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

Phone No: +91-040-67161516/1518, Fax: +91-040-23420818 Website: www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Watch Dials & watch hands	26521	80.03
2.	Components & Press tools	26101 & 225933	16.12

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	72.01	2(87)(ii)
3	Pylania SA	--	Subsidiary	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	Joint Venture Company	50.00	(2)(6)
6	Kamla Tesio Dials Limited	U33309CH1996PLC018732	Associate Company	30.00	(2)(6)

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

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4776981	0	4776981	52.63	4784781	0	4784781	47.45	5.18
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	18001	0	18001	0.20	16310	0	16310	0.16	0.04
e) Banks/FI	0	0	0	0	0	0	0	0	0
F) Any Other….	0	0	0	0	0	0	0	0	0
Sub - total (A)(1): -	4794982	0	4974982	52.83	4801091	0	4801091	47.61	5.22
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0

e) Any Other….	0	0	0	0	0	0	0	0	0
Sub - total (A)(2): -	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**4794982**	**0**	**4794982**	**52.83**	**4801091**	**0**	**4801091**	**47.61**	**-5.22**
B. Public shareholding									
1. Institutions									
a) Mutual Funds	0	2900	2900	0.03	90000	2900	92900	0.92	+0.89
b) Banks / FI	0	50	50	0.00	0	50	50	0	0
c) Central Govt.	0	0	0	0.00	0	0	0	0	0
d) State Govt.(s)	0	0	0	0.00	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0	0
f) Insurance Companies	0	0	0	0.00	0	0	0	0	0
g) FIIs	33419	0	33419	0.37	1447065	0	1447065	14.35	+13.98
h) Foreign Venture Capital Funds	0	0	0	0.00		0			
i) Others (NBFC)	0	0	0	0.00	1000	0	1000	0.01	+0.01
Sub-total (B)(1):-	**33419**	**2950**	**36369**	**0.40**	**1538065**	**2950**	**1541015**	**15.28**	-
2. Non Institutions									
a) Bodies Corp.	982211	418436	1400647	15.43	817685	161771	979456	9.71	5.72
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	1049257	326015	1375272	15.15	1354638	314087	1668725	16.5	+1.40
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	1354787	0	1354787	14.93	920729	0	920729	9.13	5.80
c) Others (specify)	0	0	0	0	0	0	0	0	0
Clearing Members	7951	0	7951	0.09	12732	0	12732	0.12	+0.03
Non Resident Indians	56412	50	56462	0.62	111072	50	111122	1.10	+0.48
Foreign Collaborators	0	50000	50000	0.55	0	50000	50000	0.50	0.05
Sub-total (B)(2):-	**3450618**	**794501**	**4245119**	**46.77**	**3216856**	**525908**	**3742764**	**37.11**	-

Total Public Shareholding (B) = (B)(1)+(B)(2)	**3484037**	**797451**	**4281488**	**47.17**	**4754921**	**528858**	**5283779**	**52.39**	**+5.22**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**8279019**	**797451**	**9076470**	**100.00**	**9556012**	**528858**	**10084870**	**100**	**5.53**

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/ encumbe-red to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbe-red to total shares	
1	R.K. Saboo	1862107	20.52	0.00	1862107	18.46		
2	Yashovardhan Saboo	1384501	15.25	3.97	*1051501	10.43		
3	Yashovardhan Saboo	-	-	-	*333000	3.30	3.30	
4	Usha Devi Saboo	436180	4.81	0.00	436180	4.33		
5	Anuradha Saboo	308050	3.39	0.00	308050	3.05		
6	Pranav Shankar Saboo	170120	1.87	0.00	170120	1.69		
7	Satvika Saboo	130121	1.43	0.00	130121	1.29		
8	Yashovardhan Saboo	87471	0.96	0.00	91371	0.91		4.52
9	Rajendra Kumar Saboo	84532	0.93	0.00	88432	0.88		4.61
10	Anuradha Saboo	75977	0.84	0.00	75977	0.75		
11	Rajendra Kumar Saboo	69820	0.77	0.00	69820	0.69		
12	Pranav Shankar Saboo	44784	0.49	0.00	44784	0.44		
13	Asha Devi Saboo	30925	0.34	0.00	30925	0.31		
14	Rajendra Kumar Saboo	30800	0.34	0.00	30800	0.31		
15	Usha Devi Saboo	15000	0.17	0.00	15000	0.15		
16	Yashovardhan Saboo	22908	0.25	0.00	22908	0.23		
17	Yashovardhan Saboo	10750	0.12	0.00	10750	0.11		
18	Rajendra Kumar Saboo	7301	0.08	0.00	7301	0.07		
19	Satvika Saboo	5634	0.06	0.00	5634	0.06		
20	Vardhan Properties & Investment Limited	9001	0.10	0.00	9001	0.09		
21	Dream Digital Technology Limited	9000	0.10	0.00	7309	0.07		18.79
	Total	4794982	52.83	3.97	4801091	47.61	14.43	0.13

*Change of shareholding is due to pledge of 333000 shares.

iii) 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	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	R.K. Saboo	1862107	20.52	1862107	20.52
2	Yashovardhan Saboo	1384501	15.25	3246608	35.77
3	Usha Devi Saboo	436180	4.81	3682788	40.58
4	Anuradha Saboo	308050	3.39	3990838	43.97
5	Pranav Shankar Saboo	170120	1.87	4160958	45.84
6	Satvika Saboo	130121	1.43	4291079	47.27
7	Yashovardhan Saboo	87471	0.96	4378550	48.23
8	Rajendra Kumar Saboo	84532	0.93	4463082	49.16
9	Anuradha Saboo	75977	0.84	4539059	50.00
10	Rajendra Kumar Saboo	69820	0.77	4608879	50.77
11	Pranav Shankar Saboo	44784	0.49	4653663	51.26
12	Asha Devi Saboo	30925	0.34	4684588	51.60
13	Rajendra Kumar Saboo	30800	0.34	4715388	51.94
14	Usha Devi Saboo	15000	0.17	4730388	52.11
15	Yashovardhan Saboo	22908	0.25	4753296	52.36
16	Yashovardhan Saboo	10750	0.12	4764046	52.48
17	Rajendra Kumar Saboo	7301	0.08	4771347	52.56
18	Satvika Saboo	5634	0.06	4776981	52.62
19	Vardhan Properties & Investment Limited	9001	0.10	4785982	52.72
20	Dream Digital Technology Limited	9000	0.10	4794982	52.82
	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 25.8.2015) Purchase of shares by a) Mr. Rajendra Kumar Saboo b) Mr. Yashovardhan Saboo c) Dream Digital Technology Ltd Sale of shares Dream Digital Technology Ltd	 3900 3900 2000 3691			
	At the end of the year				
	R.K. Saboo	1862107	18.46	1862107	18.46
	Yashovardhan Saboo	1051501	10.43	2913608	28.89
	Usha Devi Saboo	436180	4.33	3349788	33.22

	Yashovardhan Saboo	333000	3.30	3682788	36.52
	Anuradha Saboo	308050	3.05	3990838	39.57
	Pranav Shankar Saboo	170120	1.69	4160958	41.26
	Satvika Saboo	130121	1.29	4291079	42.55
	Yashovardhan Saboo	91371	0.91	4382450	43.46
	Rajendra Kumar Saboo	88432	0.88	4470882	44.34
	Anuradha Saboo	75977	0.75	4546859	45.09
	Rajendra Kumar Saboo	69820	0.69	4616679	45.78
	Pranav Shankar Saboo	44784	0.44	4661463	46.22
	Asha Devi Saboo	30925	0.31	4692388	46.53
	Rajendra Kumar Saboo	30800	0.31	4723188	46.84
	Usha Devi Saboo	15000	0.15	4738188	46.99
	Yashovardhan Saboo	22908	0.23	4761096	47.22
	Yashovardhan Saboo	10750	0.11	4771846	47.33
	Rajendra Kumar Saboo	7301	0.07	4779147	47.40
	Satvika Saboo	5634	0.06	4784781	47.46
	Vardhan Properties & Investment Limited	9001	0.09	4793782	47.55
	Dream Digital Technology Limited	7309	0.07	4801091	47.62

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

Sl. No.	For each of the Top 10 shareholders	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	Asha Mukul Agrawal	368259	4.06	368259	4.06
2	Param Capital Research Pvt. Ltd.	280100	3.09	648359	7.15
3	Quantum Securities P. Ltd.	210000	2.31	858359	9.46
4	Kayimo Trading Investment Ltd.	166666	1.84	1025025	11.30
5	Alok Agarwal	148992	1.64	1174017	12.94
6	Striver Capital Advisors Pvt. Ltd.	126074	1.39	1300091	14.33
7	Dipak Kanayalal Shah	100000	1.10	1400091	15.43
8	Pulkit N. Sekhsaria	97000	1.07	1497091	16.50
9	Anantroop Financial Advisory Services Private Ltd	90000	0.99	1587091	17.49
10	Kayimo Trading Investment Limited	90000	0.99	1677091	18.48

	At t he end of the year				
1	SAIF India V FII Holdings Limited	1008400	10.00	1008400	10.00
2	Asha Mukul Agrawal	368259	3.65	1376659	13.65
3	Kitara India Micro Cap Growth fund	323000	3.20	1699659	16.85
4	Striver Capital Advisors Private Ltd	212913	2.11	1912572	18.96
5	Param Capital Research Private Ltd	211536	2.10	2124108	21.06
6	Dipak Kanayalal Shah	101000	1.00	2225108	22.06
7	Pulkit N Sekhsariya	97000	0.96	2322108	23.02
8	Anantroop Financial Advisory Services Private Limited	84000	0.83	2406108	23.85
9	SBI Pipe Fund-1	79780	0.79	2485888	24.64
10	Haresh M Hindocha	60000	0.59	2545888	25.23

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

Sl. No.	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	0	0.00	31/03/2015			0	0.00
				18/09/2015	1008400	Transfer	1008400	11.11
				31/03/2016			1008400	10.00
2.	ASHA MUKUL AGRAWAL	368259	4.06	31/03/2015			368259	4.06
				31/03/2016			368259	3.65
3.	KITARA INDIA MICRO CAP GROWTH FUND	0	0.00	31/03/2015			0	0.00
				28/08/2015	248000	Transfer	248000	2.73
				04/09/2015	50000	Transfer	298000	3.28
				11/09/2015	25000	Transfer	323000	3.56
				31/03/2016			323000	3.20
4.	PARAM CAPITAL RESEARCH PRIVATE LIMITED	280100	3.09	31/03/2015			280100	3.09
				08/01/2016	-20000	Transfer	260100	2.58
				15/01/2016	-48564	Transfer	211536	2.10
				31/03/2016			211536	2.10
5.	QUANTUM SECURITIES P LTD.	210000	2.31	31/03/2015			210000	2.31
				05/06/2015	-15000	Transfer	195000	2.15
				12/06/2015	-15000	Transfer	180000	1.98
				14/08/2015	-80000	Transfer	100000	1.10
				28/08/2015	-100000	Transfer	0	0.00
				31/03/2016			0	0.00
6.	KAYIMO TRADING INVESTMENT LTD.	166666	1.84	31/03/2015			166666	1.84
				31/03/2016			0	0.00
7.	ALOK AGARWAL	148992	1.64	31/03/2015			148992	1.64
				10/07/2015	-91799	Transfer	57193	0.63
				17/07/2015	-8963	Transfer	48230	0.53
				12/02/2016	-48230	Transfer	0	0.00
				31/03/2016			0	0.00

8.	STRIVER CAPITAL ADVISORS PRIVATE LIMITED	126074	1.39	31/03/2015			126074	1.39
				05/06/2015	-6934	Transfer	119140	1.31
				26/06/2015	-2158	Transfer	116982	1.29
				03/07/2015	-9326	Transfer	107656	1.19
				10/07/2015	29027	Transfer	136683	1.51
				17/07/2015	28000	Transfer	164683	1.81
				31/03/2016	48230	Transfer	212913	2.11
				31/03/2016			212913	2.11
9.	DIPAK KANAYALAL SHAH	100000	1.10	31/03/2015			100000	1.10
				11/12/2015	1000	Transfer	101000	1.00
				31/03/2016			101000	1.00
10.	PULKIT. N. SEKHSARIA	97000	1.07	31/03/2015			97000	1.07
				31/03/2016			97000	0.96
11.	ANANTROOP FINANCIAL ADVISORY SERVICES PRIVATE LIMI	90000	0.99	31/03/2015			90000	0.99
				10/04/2015	-5000	Transfer	85000	0.94
				17/04/2015	-1000	Transfer	84000	0.93
				31/03/2016			84000	0.83
12.	KAYIMO TRADING INVESTMENT LTD.	90000	0.99	31/03/2015			90000	0.99
				31/03/2016			0	0.00
13.	SBI PIPE FUND - 1	0	0.00	31/03/2015			0	0.00
				05/02/2016	3238	Transfer	3238	0.03
				12/02/2016	19637	Transfer	22875	0.23
				19/02/2016	22085	Transfer	44960	0.45
				26/02/2016	748	Transfer	45708	0.45
				04/03/2016	3721	Transfer	49429	0.49
				11/03/2016	15960	Transfer	65389	0.65
				18/03/2016	10200	Transfer	75589	0.75
				31/03/2016	4191	Transfer	79780	0.79
				31/03/2016			79780	0.79
14.	HARESH M HINDOCHA	58200	0.64	31/03/2015			58200	0.64
				31/12/2015	-6217	Transfer	51983	0.52
				01/01/2016	-983	Transfer	51000	0.51
				29/01/2016	6315	Transfer	57315	0.57
				05/02/2016	900	Transfer	58215	0.58
				11/03/2016	75	Transfer	58290	0.58
				31/03/2016	1710	Transfer	60000	0.59
				31/03/2016			60000	0.59

Note: Due to preferential allotment of 1008400 shares to SAIF India V Holdings Ltd. and subsequent change in the paid up capital of the company during the year, Top ten shareholders have been re-defined / re-arranged.

(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. R.K. Saboo (Individually, Jointly and through HUF)	2054560	22.64	2054560	22.64
B)	Mr. Yashovardhan Saboo (Individually and through HUF)	1505630	16.59	3560190	39.23
C)	Mr. Dinesh Agrawal	26551	0.29	3586741	39.52
D)	Mr. Jagesh Khaitan	466	0.01	3587207	39.53
E)	Mr. Anil Khanna	4183	0.05	3591390	39.58
F)	Mr. Sanjeev Kumar Masown	3000	0.03	3594390	39.61
G)	Mr. Pawan Kumar Goyal	120	0.00	3594510	39.61
	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 25.08.2015 Purchase of shares by a) Mr. Rajendra Kumar Saboo b)Mr. Yashovardhan Saboo c) Dream Digital Technology Ltd Sale of shares by Dream Digital Technology Ltd	 3900 3900 2000 3691	 0.03 0.03 0.02 0.03		

	Purchase of Shares by Mr. Anil Khanna	100	0.00		
	Sale of shares by Mr. Sanjeev Kumar Masown	1000	0.01		
	Sale of shares by Mr. Dinesh Agarwal	6265	0.06		
	At the end of the year				
A)	Mr. R.K. Saboo (Individually, Jointly and through HUF)	2058460	20.41		
B)	Mr. Yashovardhan Saboo (Individually and through HUF)	1509530	14.97		
C)	Mr. Dinesh Agrawal	20286	0.20		
D)	Mr. Anil Khanna	842	0.04		
E)	Mr.Jagesh Khaitan	466	0.00		
F)	Mr. Sanjeev Kumar Masown	2000	0.02		
G)	Mr. Pawan Kumar Goyal	120	0.00		

V. INDEBTEDNESS

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

Particulars		Secured Loans	Unsecured Loan	Deposits	Total Indebtedness
			Inter Corporate Deposit	Public Deposit	
Indebtedness as at the beginning of the Financial Year 1.4.2015					
1	Principal Amount	408,400,828	24,300,000	109,627,000	542,327,828
2	Interest Due but not paid	NIL	NIL	NIL	NIL
3	Interest accrued but not due	NIL	NIL	13,191,737	13,191,737
	Total of (1+2+3)	408,400,828	24,300,000	122,818,737	555,519,565
Change in indebtedness during the financial year					
	Addition	74,331,911	NIL	50,135,000	124,466,911
	Reduction	168,663,794	24,300,000	40,564,000	233,527,794
	Net Change	(94,331,883)	(24,300,000)	9,571,000	(109,060,883)
Indebtedness as at the end of the Financial Year 31.3.2016					
1	Principal Amount	314,068,945	NIL	119,198,000	433,266,945
2	Interest Due but not paid	NIL	NIL	NIL	NIL
3	Interest accrued but not due	NIL	NIL	14,442,224	14,442,224
	Total of (1+2+3)	314,068,945	NIL	133,640,224	447,709,169

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of the Remuneration	Name of MD/WTD/Manager			Total
		Mr. R.K. Saboo	Mr. Yashovardhan Saboo	Mr. Dinesh Agrawal	
1.	Gross Salary				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40,28,250	63,00,232	44,29,352	1,47,57,834
(b)	Value of perquisites u/s (17(2) of Income Tax Act, 1961	1,29,814	1,16,604	3,529	2,49,947
(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)	**41,58,064**	**64,16,836**	**44,32,881**	**1,50,07,781**
	Overall Ceilings	As per Act	As per Act	As per Act	As per Act

B. Remuneration to Other Directors:

Sl. No.	Particulars of the Remuneration	Name of Directors						Total Amount
		Mr. Chandra Mohan	Dr. T.N. Kapoor	Mr. Anil Khanna	Mr. Jagesh Khaitan	Mrs. Ranjana Agarwal	Mr. Praveen Gupta	
1	Independent Directors							
	Fees for attending board/committee meetings	1,25,000	--	1,50,000	1,85,000	1,20,000	95,000	6,75,000
	Commission	--	--	--	--	--	--	--
	Others, please specify	--	--	--	--	--	--	--
	Total (1)	--	--	--	--	--	--	--
2	Other Non Executive Directors	--	--	--	--	--	--	--
	Fees for attending board/committee meetings	--	50,000	--	--	--	--	50,000
	Commission	--	--	--	--	--	--	--
	Others, please specify	--	--	--	--	--	--	--
	Total (2)	--	--	--	--	--	--	--
	Total (B) = 1 + 2	--	--	--	--	--	--	--
	Total Managerial Remuneration	1,25,000	50,000	1,50,000	1,85,000	1,20,000	95,000	7,25,000
	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	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,510,440	4,724,830	6,23,5270
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	Nil	28,800	28,800
	(c) Profits in lieu of salary under section17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	a) as % of profit	Nil	Nil	Nil
	b) Others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	15,10,440	47,53,630	62,64,070

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					

For & on behalf of the Board

Date: 30-5-2016
Place: Chandigarh

Anil Khanna
Director

Yashovardhan Saboo
Vice Chairman-cum-CEO

Annexure-3

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

To

The Members

KDDL Limited

(CIN: L33302HP1981PLC008123)

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016(Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

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

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

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

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

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May 2015);

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

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the company has not issued any debt securities during the audit period;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not Applicable as the Company is not registered as Registrars to an Issue and Share Transfer Agents;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable as the company has not delisted its equity shares during the audit period and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable as the company has not bought back any of its securities during the audit period.

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

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (effective from 1st July, 2015).

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Ltd. and BSE Limited and SEBI (LODR) Regulations, 2015 (effective from 1st December, 2015).

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

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

a) The Factories Act, 1948;

b) The Payment of Wages Act, 1936;

c) The Payment of Bonus Act,1965;

d) The Industrial Disputes Act, 1947;

e) Employees' State Insurance Act, 1948;

f) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952;

g) The Water (Prevention & Control of Pollution) Act, 1974;

h) The Air (Prevention & Control of Pollution) Act, 1981;

i) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;

We further report that

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

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

Majority decisions were carried through while the dissenting members' views, wherever applicable, were captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

- The Company has alloted 10,08,400 (Ten lacs eight thousand and four hundred) equity shares of face value of Rs. 10 each at a price of Rs. 297.50 (Rupees two hundred ninety seven and fifty paise only) to SAIF India V FII Holdings Limited (non-promoter category) on preferential basis.

Place : Ludhiana Signature:

Date: 30-5-2016 Name of Company Secretary in Practice: P.S. Dua
FCS No. 4552
C P No. 3934

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

Annexure A to Secretarial Audit Report

To

The Members

KDDL Limited

(CIN: L33302HP1981PLC008123)

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

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

For P.S. Dua &Associates

Company Secretaries

Date: - 30-5-2016

Place: - Ludhiana

Annexure-4

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 contr acts/ arrangements /transactions	Duration of the contracts / arrangeme nts/transac tions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
1.	Ethos Limited	Sub-lease Agreement	1 year	Sub-lease agreement with subsidiary company, Ethos Limited for the use and occupation of Premises situated at Plot No. 25/1, Industrial Area, Phase II, Chandigarh at a monthly rent of Rs. 1,20,000/-.	For official and administrative use purposes and marketing activities by Ethos Limited	28/05/2015	Nil	N.A.
2.	Rajendra Kumar Saboo Yashovardhan Saboo Usha Devi Saboo Anuradha Saboo	Lease Agreement	1 Year	Lease of portion of House No. 1, Sector 5, Chandigarh	Official/ Residential purpose	28/05/2015	Nil	N.A.
3	Dream Digital Technology Limited	Marketing Agreement	2 Years	Agreement for revamping website, extend the e-commerce business to new luxury products and enhancing the new business opportunities through internet marketing arrangement for Rs. 150000/- per month for first year and Rs. 165000/- per month for next year.	To avail expert services of promoter group company	28.05.2015	Nil	N.A.
4	Ethos Limited	Usage Agreement	2 Years	Agreement for permitting the use of website www.ethoswatches .com owned by the company for a consideration of Rs. 50,000/- per month.	Use of website of Subsidiary Company.	14.08.2015	Nil	N.A.
5	Satva Jewellery and Design Limited	Equipment lease agreement	2 Years	Agreement for taking the "Compact CNC Milling Machine' at lease rent of Rs. 50,000/- per month	Lease of Machinery	14.08.2015	Nil	N.A.

6	Kamla Tesio Dials Limited	Lease Agreement	3 Years	Agreement for taking on rent the facilities of manufacture of VGP and Electroformed Dials along with machines for a rent of Rs. 1,50,000/- per quarter	Lease of Machinery	14.08.2015	Nil	N.A.
7	Ethos Limited	Corporate Guarantee	1 year	Rs. 11 crore for additional working capital limits by Ethos Limited	For enabling subsidiary company to avail additional working capital limits	14.08.2015	Nil	28.08.2014
8	Kamla International Holdings-SA	Share purchase agreement	N.A.	CHF 25000 (Swiss Francs twenty five thousand only)	To enable Kamla International Holding- SA,a subsidiary company to purchase shares of Pylania SA	14.08.2015	Nil	N.A.
9	Ethos Limited	Corporate Guarantee	Ongoing	Rs 24.85 crore	To enable Ethos Limited to avail enhanced credit limits from IDBI Bank	31.10.2015	Nil	28.08.2014
10	Ethos Limited	Corporate Guarantee	Ongoing	Rs 20.00 crore	To enable Ethos Limited to avail enhanced credit limits from Bank of Maharashtra	31.10.2015	Nil	28.08.2014
11	Ethos Limited	Investment in Equity Capital	N.A.	400 lacs	Investment in preferential allotment of equity shares of Subsidiary company	31.10.2015	Nil	28.08.2014
12	Mahen Distribution Limited	Investment in CCPS	N.A.	Rs. 64.04 lacs	Purchase of 1,14,350 CCPS of subsidiary company Mahen Distribution Limited from M/s R.C. Tritec S.A., Switzerland	31.10.2015	Nil	28.08.2014
13	Ethos Limited	Put option in favour of Investors of Ethos Limited	N.A.	Rs. 1465.59 Lacs	To enable execution of put option in favour of three investors of Ethos Limited for CCPS	31.10.2015	Nil	28.08.2014
14	Ethos Limited	Investment in Equity Capital	N.A.	300 lacs	Investment in preferential allotment of equity shares of Subsidiary company	06.02.2016	Nil	28.08.2014

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of 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 advance, if any:
1.	Saboo Coatings Private Limited (Entity over which significant influence is exercise by the KMP/Promoter Directors	Business Transactions	Transactions in the normal course of business during 2015-16	**Particulars**	**Amt. in (Rs.)**	Not Applicable	Nil
				i) Purchase of Raw Material etc.	2755516		
				ii) Sale of Goods & Services	20285		
				iii) Rent Paid by the company	50000		
				iv) Salaries of employees paid	541640		
				v) Rent Received	760000		
				vi) Re-imbursement of expenses	53053		
				vii) Other expenses	331232		
2.	Pylania SA (Subsidiary Company)	Business Transactions	Transactions in the normal course of business during 2015-16	i) Purchase of Raw Material etc.	385539	- Do -	Nil
				ii) Sale of Goods & Services	3458659		
				iii) Guarantee Charges received	349995		
				iv) Re-imbursement of expenses	16873068		
				v) Other expenses	347995		
3.	Ethos Limited	Business Transactions	Transactions in the normal course of business during 2015-16	i) Purchase of Raw Material etc.	29500	- Do -	Nil
				ii) Sale of Goods & Services	681839		
				iii) Rent received	4201884		
				iv) Re-imbursement of expenses	45200		
				v) Other expenses	3829038		
				vi) Investments made	109999890		
				vii) Others	493304		
	Kamla Tesio Dials Ltd.	Business Transactions	Transactions in the normal course of business during 2015-16	i) Rent Paid	800000	- Do -	Nil
				ii) Other expenses	37084		
4.	Satva Jewellery & Design Limited	Business Transactions	Transactions in the normal course of business during 2015-16	i) Rent Paid	600000	- Do -	Nil
				ii) Interest Received	600000		
				iii) Other expenses	175884		
5.	Dream Digital Technology Private Limited	Business Transactions	Transactions in the normal course of business during 2015-16	i) Rent Paid	12000	- Do -	Nil
				ii) Re-imbursement of expenses	19033		
				iii) Other expenses	925568		
6.	Vardhan Properties and Investment Limited	Business Transactions	Transactions in the normal course of business during 2015-16	i) Interest Paid	704376	- Do -	Nil
7.	VBL Innovations Pvt. Limited	Business Transactions	Transactions in the normal course of business during 2015-16	i) Interest Paid	923178	- Do -	Nil
				ii) Other expenses	235947		
8.	Kamla International Holdings AG	Business Transactions	Transactions in the normal course of business during 2015-16	i) Investments	20475000	- Do -	Nil
9.	Mahen Distribution Ltd.	Business Transactions	Transactions in the normal course of business during 2015-16	i) Investments	6403600	- Do -	Nil

10. Saveeka Family Trust	Business Transactions	Transactions in the normal course of business during 2015-16	i) Interest Paid	45890	- Do -	Nil
11. Mrs. Asha Devi Saboo	Business Transactions	Transactions in the normal course of business during 2015-16	i) Interest Paid	125000	- Do -	Nil
12. Mr. R.K. Saboo	Business Transactions	Transactions in the normal course of business during 2015-16	i) Rent Paid ii) Remuneration iii) Interest paid/accrued	336626 4158064 340000	- Do -	Nil
13. Mr.Yashovardhan Saboo	Business Transactions	Transactions in the normal course of business during 2015-16	i) Rent Paid ii) Remuneration iii) Interest paid/accrued	1805085 6416836 170000	- Do -	Nil
14. Ms. Anuradha Saboo	Rent Paid for Property	Transactions in the normal course of business during 2015-16	i) Rent Paid	168479	- Do -	Nil
15. Ms. Usha Saboo	Rent Paid for Property	Transactions in the normal course of business during 2015-16	i) Rent Paid	67393	- Do -	Nil
16. Ms. Malvika Saboo	Salary Paid to Relatives	Transactions in the normal course of business during 2015-16	i) Salary	736836	- Do -	Nil

Annexure-5

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

(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

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

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

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

For the year ended on 31st March, 2015	Rs.1043.98
For the year ended on 31st March, 2014	Rs. 679.67
For the year ended on 31st March, 2013	Rs. 0.27
Average net profits	**574.64**

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

   Rs. 11.49 lacs (being 2% of the average net profits as stated at item 3 above)

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

(a) Total amount to be spent for the financial year — Rs.11.49 lacs

(b) Amount unspent, if any — NIL

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(6)
Sl. 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 spe nt on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditur e upto to the reporting period	Amount spent: Direct or through implementin g agency
1.	Construction of New Borewell for Toilet Blocks to ensure a permanent supply of water at Elementary Schools at Derabassi (Punjab).	Sanitary and Hygiene	1. Local Area 2. Derabassi at Punjab.	Rs. 123550/	Directly implemented.	Rs. 123550/-	Directly implemented.
2.	Contribution to Multiple Sclerosis Society of India, Mumbai (MSSI), Mumbai. MSSI is a voluntary, non-profit organization under The Bombay Public Trusts Act of 1950. MSSI works for the welfare of people affected by Multiple Sclerosis	Promoting healthcare including preventive healthcare.	1. Other	Rs. 45000/	N.A.	Rs. 168550/-	Through implementing agency viz. Multiple Sclerosis Society of India, Mumbai.
3.	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	1. Other	Rs. 10,00,000/-	N.A.	Rs.1168550/ -	Through implementing agency viz. KDDL-Ethos Foundation.

The Company has spent a cumulative amount of Rs. 11.69 Lacs against the stipulated CSR amount of Rs. 11.49 Lacs.

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

Not applicable

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

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

Sd/-

(R.K. Saboo)
Chairman CSR Committee

Sd/-

(Yashovardhan Saboo)
Vice Chairman-cum-Managing Director

Annexure - 6

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	39,750
5.	Options vested and exercisable	Nil
6.	Options exercised	Nil
7.	Options cancelled	Nil
8.	Options lapsed	15,000
9.	Total number of options in force	24,750
10.	Variation in terms of ESOP	Not Applicable
11.	Total number of shares arising as a result of exercise of options	Nil
12.	Money realized by exercise of options	Nil

B. Employee-wise details of options granted during the financial year 2015-16 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	NII
(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 86164/-. 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 280615/-. Had the Company adopted the fair value method, net profit after tax would have been lower by Rs 363779/- 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	5.54
- Adjusted Proforma	5.50
Earnings Per Share: Diluted	
- As reported	5.53
- Adjusted Proforma	5.49

Annexure - 7

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

A. CONSERVATION OF ENERGY :

a) Steps taken for conservation: The Company continues to give high priority to conservation of energy on an on-going basis. A few significant measures taken are:

i) Periodical and preventive maintenance of electric equipments and ensured optimum utilization of electric energy.

ii) Phased balancing of heating and lighting load.

iii) Increase in power factor by installing capacitor at the individual machines.

b) Steps taken for utilizing alternate sources of energy :-

Cost of power is negligible in total cost of production.

c) Capital investment on energy conservation equipments:-

Further energy conservation is planned through replacement of and modification of inefficient equipments and by providing automatic controls to reduce idle running of equipments.

B. TECHNOLOGY ABSORPTION:

Efforts made for technology absorption

1. Research and Development (R & D):

a) Specific areas on which R & D carried on by the Company: Research and Development has been carried out for quality improvement, new product developments and productivity improvement.

b) Benefits derived as a result of the above R & D: Increase in overall efficiency, productivity and quality of outgoing product and a wider range of watch components along with incremental business from customers

c) Future plan of action: Further improvement in production processes, to develop new dial finishes, new types of index, development of tools and components and reduction of costs would continue.

d) Expenditure on R&D: No separate account is being maintained by the company for the expenditure incurred on R&D. However, the Company is incurring recurring expenditure towards development activities.

2. Technology Absorption, Adaptation & Innovation :

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

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

3. i) Technology imported: None after 1995.

   ii) Year of Import: N.A.

   iii) Has technology been fully absorbed? : Yes.

   iv) If not absorbed, area where this has not taken place, reasons thereof and future plans of action: N.A.

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

	2015-16
Foreign Exchange earnings	735.16
Foreign Exchange outgo	69.06

For & on behalf of the Board

Date: 30-5-2016
Place: Chandigarh

Anil Khanna
Director

Yashovardhan Saboo
Vice Chairman-cum-CEO

Annexure - 8

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

<table>
<tr><th>S.No.</th><th>Requirements of Rule 5(1)</th><th>Details</th></tr>
<tr><td>(i)</td><td>The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year</td><td><table><tr><td>Mr. R.K.Saboo</td><td>20.2 : 1</td></tr><tr><td>Mr. Y.Saboo</td><td>32.1 : 1</td></tr><tr><td>Mr. Dinesh Agrawal</td><td>18.9 : 1</td></tr></table></td></tr>
<tr><td>(ii)</td><td>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;</td><td><table><tr><th>Name</th><th>As per Payout</th><th>As per Terms</th></tr><tr><td>Mr. R.K.Saboo</td><td>12.5%</td><td>10.0%</td></tr><tr><td>Mr. Y.Saboo</td><td>18.6%</td><td>4.9%</td></tr><tr><td>Mr. Dinesh Agrawal</td><td>(6.2)%</td><td>6.6%</td></tr><tr><td>Mr. Sanjeev Masown</td><td>3.9%</td><td>13.3%</td></tr><tr><td>Mr. P.K.Goyal</td><td>3.5%</td><td>12.2%</td></tr></table>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.</td></tr>
<tr><td>(iii)</td><td>The percentage increase in the median remuneration of employees in the financial year;</td><td>11%</td></tr>
<tr><td>(iv)</td><td>The number of permanent employees on the rolls of company;</td><td>1064 employees as on 31.03.2016</td></tr>
<tr><td>(v)</td><td>The explanation on the relationship between average increase in remuneration and company performance;</td><td>The Company's overall revenue declined by 5% due to sluggish market conditions. However the average increase in remuneration is as per market and industry standards.</td></tr>
<tr><td>(vi)</td><td>Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;</td><td>Remuneration of the Key managerial personnel is also in line with the market and industry trends.</td></tr>
<tr><td>(vii)</td><td>Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;</td><td><table><tr><th>Details</th><th>31.03.2016</th><th>31.03.2015</th></tr><tr><td>Market Capitalization</td><td>Rs. 199 Cr</td><td>Rs. 282 Cr</td></tr><tr><td>Share Price BSE</td><td>Rs. 197.7</td><td>Rs. 311</td></tr><tr><td>EPS</td><td>Rs. 7.07</td><td>Rs. 7.35</td></tr><tr><td>Net worth</td><td>Rs. 85.9 Cr</td><td>Rs. 52.5 Cr</td></tr></table></td></tr>
</table>

S.No.	Requirements of Rule 5(1)	Details
(i)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average Salary increase of non-managerial employees is 10% Average salary increase of managerial employees is 12% There are no exceptional circumstances in increase in managerial remuneration.
(ii)	Comparison of each remuneration of the Key Managerial Personnel against the performance of the company;	Details shared in S.no. ii
(iii)	The parameters for any variable component of remuneration availed by the directors;	All employees including the Managing Director's entitlement to incentive which is based on the individual's performance and Company's financial performance. Other components of remuneration are not variable during a particular year.
(iv)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	The Managing Director is the highest paid director. No Employee received remuneration higher than the Managing Director.
(v)	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.

For & on behalf of the Board

Date: 30-5-2016
Place: Chandigarh

Anil Khanna
Director

Yashovardhan Saboo
Vice Chairman-cum-CEO

Annexure-9

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW OF THE ECONOMY

Global Economy

The global economic environment continues to remain weak as major economies are struggling for revival and growth. Amid weak aggregate demand, falling commodity prices and increasing financial market volatility in major economies, the global economy stumbled in 2015.

World economy is projected to grow by 3.2% in 2016 and 3.5% in 2017, supported by less restrictive fiscal and accommodative monetary stances worldwide.

Indian Economy

India continues to remain a bright spot in the otherwise bleak global economic forecast of the International Monetary Fund (IMF). India faces a challenging environment in the next year due to unusual volatile external environment with significant risks of weaker global activity and domestic growth affected by weak manufacturing activity and agriculture decline due to weak monsoon. The bright spots under the environment are strengthening domestic business cycle, and a supportive policy environment, compared to most other major developing countries. With slowing trade growth as one of the risk factors to growth, India is estimated to grow at 7.5% in 2016-17.

The Central Government has shown its determination towards improving business environment in the country, with its continued efforts towards bringing in like GST, land Acquisition, FDI limits, etc., but the speed of reforms and the realisation on ground is the key to swifter sustainable growth.

GST, in particular, once implemented will be positive for the company, it being engaged in importing of luxury watches for its retail business.

The government continues its efforts towards bringing consumption above the ground and the efforts have turned into real initiatives in terms of implementation PAN card regulation and Tax Collected at Source on cash transactions more than a specified amount.

Implementation of PAN card requirement for transactions above Rs.2 Lakhs and above w.e.f from 1st January 2016 had a sharp and sudden negative impact across product categories, including high-end watches. However, over the last few months, the company has witnessed customers returning to the normal consumption pattern gradually on all but the very highest price points. The company believes without doubt that in the long term the regulation will be beneficial for the company as well as the business in general especially if the playing field is made level and compliances are rationalised together with policies.

Swiss Watch Industry

The Swiss Watchmaking industry had to contend with a more complex and challenging environment in 2015. It reported its first downturn since 2009. The value of the watch industry exports in 2015 stood at 21.5 billion francs against 22.2 billion francs in the year 2014, witnessing a decline of 3.3% over previous year. Following two consecutive years of consolidation, the annual result was therefore almost back at its 2012 level. The adverse trend in many major markets including China & Hongkong, Russia and Middle East, had a severe impact on the overall progress of business.

Watchmaking exports deteriorated continuously during 2015, falling from +3.2% in the first quarter to -7.3% in the fourth quarter. This year again, the watch industry witnessed consolidation, while its largest markets, Hong Kong and China declining by more than 18.3% over 2014. Overall, during the year, Switzerland exported 28.1 million watches against 28.6 million watches in 2014, i.e. decline by 1.6%.

Main markets for Swiss Watches

Geographical distribution (in CHF million)

Countries	Value in 2015	Value in 2014	Change in %	Share in % 2015	Share in % 2014
Hong Kong	3,176.2	4,122.9	-22.9%	14.8%	18.5%
USA	2,358.5	2,377.7	-0.8%	11.0%	10.7%
China	1,336.2	1,401.5	-4.7%	6.2%	6.3%
Italy	1,315.2	1,235.0	+6.4%	6.1%	5.6%
Japan	1,305.4	1,330.6	-1.9%	6.1%	6.0%
Other Countries	12,030.8	11,779.6	+2.0%	55.9%	52.9%
Total	**21,522.3**	**22,247.3**	**-3.3%**	**100.0%**	**100.0%**

While the outlook continues to be weak on Chinese markets, European markets like United Kingdom, France, Germany and Italy are expected to fare better. Overall the markets are expected to turn upward soon, signalling the end of the declining trend.

Main watch exporting countries (Direct Exports)

Countries	Units in Million	Change in %	Units in Million	Change in %
	2015		2014	
China	682.8	+2.1%	669.0	+5.5%
Hong Kong	276.7	12.2%	315.1	4.9%
Switzerland	28.1	1.6%	28.6	+1.7%
Germany	21.9	+4.4%	21.2	+8.6%
USA	9.5	2.0%	9.7	+4.9%
France	7.3	+6.1%	6.8	2.4%

China exported 682.8 million pieces of watches in 2015, growth of 2.1% over previous year. On the other hand Hong Kong volume exports declined by 12.2% to 276.7 million pieces. Volumes wise, Switzerland maintained its third position with exports of 28.1 million watches in 2015, decline of 1.6% over previous year.

The launch of 'smart' watches was the most talked about subject in the watch industry. Even though the Apple Watch is still a first generation product and there has been a lot of talk of it revolutionising the genre, the general impression is that 'smart' watches have not fared as well as was expected. So far they don't seem to pose a significant threat to the Swiss watch industry. Swiss watch brands, as well as global fashion brands such as those of Fossil Group, have also started introducing smart watches to counter the threat of the Apple smart watch.

The Swiss watch industry had successfully faced the appreciation of Swiss Franc after the removal of currency cap with Euro by its ability to pass on increase in prices, mostly in the high-end segment. For the other segments, the watch companies are cutting costs and renegotiating prices. The major business strategy for

watch companies is introduction of the new products, with new styles and complications.

Another major development in the coming period is the preparedness of the watch companies to face the implementation of the "SWISS ORIGIN" regulations w.e.f. 2017.

Indian Watch Market

Indian luxury market posted reasonable growth during the last few years. However, it is still in its nascent stage and has many opportunities for growth amongst international players. The recent slowdown in Chinese luxury goods has also shifted the focus of luxury players to India. With luxury brands increasing their efforts towards better brand visibility, accessibility and availability, the market is positioned to capitalize on socio-economic growth in the country.

This is further augmented by the urban rich consumer base of India is indulging in luxury goods for both style and status reasons, growing purchasing power of upper class population in Tier II and Tier III cities with increased brand awareness.

This segment is also witnessing positive traction on the online platforms. This is mainly on account of increase in the number of internet users in the country owing to the rising internet penetration. This is beneficial for the overall industry as online presence reduces the need to create a physical presence, thereby tapping the latent potential in the non-urban regions of the country.

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 of luxury Swiss watches in the organised sector through its subsidiary, Ethos Limited.

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

Turnover

The total turnover of the company was impacted by the sluggish market environment and the revenue declined by 3% during the year, as compared to growth of 13% during the last year. The impact of slowdown in Swiss watches market was visible on the revenues of the company also. The watch components of company which has a major revenue share in the overall business is not insulated from market environment and were impacted by this slow down.

All segments of the manufacturing business witnessed marginal decline in the operational revenue. The overall turnover of company from domestic market improved by 2% and on the other hand turnover from exports market declined by 5.8%.

The watch components business of domestic market was stagnant as compared to a healthy growth of 21% in value terms in previous year, showing the impact of the sluggishness in market conditions. On the other hand, exports value of watch components business declined by 2.4% due to slow down in Swiss market. Other manufacturing businesses of the company witnessed decline of 8% compared to growth of 12% in previous year on account of delayed and deferred projects by the customers in company's EIGEN precision engineering business.

The Company's overall strategy is to continue focus on increasing exports of watch components to Swiss

market and to accelerate the growth of Precision Engineering business by 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) operated at sub-optimal capacity utilisations due to sluggish order position, both from domestic and export markets. The overall revenue of Dial units declined by 4% compared to a growth of 9% in previous year. The major decline in Dial units revenue was from domestic market, which declined by 2.8% compared to previous year growth of 20%. The Dial units revenue from export was almost stagnant. The overall revenue of Watch Hands Units of the Company located at Bangalore registered a decline of 5.5% compared to growth of 17.6% in the previous year. The revenue of Hands unit from domestic market increased by 4.4% compared to previous year and exports market declined by 4%.

Precision Engineering Components

The overall revenue of our precision components manufacturing unit at Bangalore witnessed decline of 6.5% compared to a growth of 26% in the previous year. The decline in turnover of the unit was primarily because of slow down and deferment of the projects by the export customers. The year on year growth in revenue from domestic market was 25%, whereas the direct and indirect exports market declined by 31% compared to previous year. During the year, company had initiated various efforts 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 declined by 15.8% compared to a decline of 12.8% in the previous year. The major reason for decline in revenue was slow down in the domestic market demand for the Jewellery Packaging and Writing Instruments market.

Strategic Initiatives

The financial year 2015-16 commenced with suppressed market conditions but the overall industry was hopeful that this is a temporary phenomenon and order position will start improving with the recovery in overall economic environment. However, the market conditions continued consistent decline quarter by quarter and the third quarter of financial year hit rock bottom levels in revenue because of low order position. However, from the last quarter, the market conditions improved in all segments of manufacturing business and the order position was much healthier. However, it is likely that the watch components business may still need couple of quarter's time frame for full recovery. 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 will help the company in overcoming the sluggish market conditions and the company will be well positioned to capture the opportunities post revival of market conditions.

During the year, company created Training Institute for providing the in-house training and enhancing skills of the craftsmen responsible for manufacturing watch dials. The efforts of the company for enhancing skills will help in optimising the operational efficiencies, improving productivity and add capabilities to manufacture additional features, more complex components.

The major focus of the company is to increase market presence in engineering business by enhancing the core capabilities and aggressive marketing efforts for encashing the strengths of the organisation.

As a part of this exercise, during the year, company has increased its efforts for enhancing the growth of the

Precision Stamped Components and Progressive tooling by structured marketing efforts for extending the customer reach and improving the flow of initial queries and conversion to orders. The company efforts are yielding positive results and there is an improvement in the flow of RFQ's both from the existing customers and new customers. Company has enhanced its presence by participating in various trade shows, extension offices for key focus countries and improving the visibility by show casing the technical capabilities of the unit. In addition to this, the unit continues to focus on improving the internal efficiencies by improving manpower productivity, 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. During the last year, company also added the capabilities of mould making and manufacture of plastic injection moulded components. In addition, the company initiated efforts for getting AS9100 C certifications to qualify as a certified supplier of components to the aerospace segment. The unit has qualified this certification and now it has been recommended for AS 9100C certification by the inspection and registering authority TUV SUD and we expect the certification in next few weeks' time.

The Packaging business of the company continues its struggle for growth and profitability. The fluctuating order inflows, quality of customers, and high cost of conversion is a major cause of concern. During the year, company focussed on improving the average price realisations. The depressing business environment of low order position necessitated curtailing the capacity of the unit, manpower rationalisation and restricting overheads. The management had taken necessary steps and initiatives for reviving the business with a lower overhead structure. The financial performance of the unit improved compared to previous year but the operations still continue to be in losses.

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

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.

BUSINESS PERFORMANCE REVIEW

Revenue

The gross operating income of the company declined from Rs. 1310 million to Rs. 1234 million representing a decrease of 6% over the previous year. The turnover of the company was broadly stable in both half's of the year, but third quarter was significantly low in the year as the market slowdown impacted lead to reduced order position for the company. However, the market situation and order position improved in the last quarter. The overall revenues were also impacted by the reduction in the export incentives by the government of India on watch components from 5% during the last year to 2% during the current year. The market conditions and overall environment was sluggish, but the impact on Company operations was less because of the structured focus and efforts of the company coupled with the delivery of the high quality competitive products. The watch segment gross operating income declined from Rs. 958 Million to Rs. 943 Million, registering a decline of 1.7% compared to growth of 12.4% in previous year. The other segment's revenue decreased from Rs. 250 Million to Rs. 230 Million, registering a decline of 8.2%. The domestic sale of the company improved from Rs. 434 Million to Rs. 443 Million representing a growth of 2%, whereas the direct and indirect export revenue declined from Rs. 775 Million to Rs. 730 Million registering a decline of 5.8% which establishes the fact that overall global economic activity was at a reduced level.

Margins

During the year the margins of the company were under pressure compared to previous year due to major slowdown in the export markets and reduction of export incentives on watch components from 5% to 2%.

The earnings before interest, depreciation, taxes and appropriations reduced from Rs. 260 million to Rs. 229 million, decline of almost 12% over the previous year. The operating EBIDTA earning after eliminating the exceptional, abnormal cost and CSR expenditure reduced to 19.2% from 20.5% achieved in previous year. The percentage EBIDTA earning during the year was similar to the levels achieved in 2013-14.

Shareholders' Funds

The company's reserves improved from Rs. 434 millions as on 31st March 2015 to Rs. 756 millions as on 31st March 2016, on account of retained earnings from the profitability of the company and also due to receipt of share premium of Rs. 275 millions on issue and allotment of 10,08,400 equity shares of face value Rs. 10 each on a preferential basis for cash at a price of Rs. 297.50 (including premium of Rs. 287.50) during the year.

The Share capital of the company also increased from Rs. 91.6 millions to Rs. 101.7 millions on account of allotment of equity shares on preferential basis.

Loan Funds and Cost of Debt

The cost of funds as a percentage to total revenue decreased substantially from 5.1% to 3.9% in 2015-16. During the year, Reserve Bank of India reduced the interest rates but banks were lagging behind in passing on the benefit to customers. However due to improved liquidity of the company post induction of funds through allotment of new shares on preferential basis, the company reduced its high costs debts and working capital borrowings, which led to sharp reduction in the borrowing costs. The overall simple average cost of debt decreased to 10.1% from 12% 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 efforts are on restricting the overall borrowing of the company for better leverage.

Fixed Assets

Gross Fixed Assets of the company including Capital work in progress during the year increased from Rs. 1203 million to Rs. 1317 million on account of normal capital expenditure in the different units for increasing productivity, new product developments and addition of other assets for quality, safety, Information technology and administrative functions. In addition, the company has acquired a new land at Bangaluru Aerospace Park, adjacent to Bangaluru Airport for the expansion of precision engineering business.

Subsidiary Companies and Joint Ventures

Ethos Limited

The luxury watch market in India continued to grow at a brisk pace during the first nine months of the financial year. However, the implementation of Rs. 2,00,000 PAN card threshold rule form 1st January 2016 had a large immediate impact on the luxury industry in general and luxury watches in particular. In addition to this, the luxury watch market witnessed an increased level of competition brought about partly by the new PAN rules as well as unfavourable movements in exchange rates and increase in taxes.

During the course of the year, the retail business ETHOS continued its topline growth. The company's net sales grew from Rs. 281 crores in FY14-15 to Rs. 329 cr in FY15-16, (+ 17%), with a healthy like-to-like growth of billings at 12%. The introduction of the new PAN rules had an impact on the sales of the company immediately in the first month resulting in the sales growth getting limited to 3% for quarter. However, the sales growth rates improved in the subsequent months and reverting to healthy levels at the end of the year. As a result of these challenges the business recorded a loss before tax of Rs. 4.63 Crores in the year compared to profit of Rs. 3.54 Croresin the previous year. The EBIDTA recorded by the business in the year is Rs. 7.40 Crores, about 2.3% of the net sales of the year.

During the year, the Company has opened one new store. The Company took a close look at stores that are not profitable and closed 8 stores. The total number of stores as at the end of FY2015-16 is 39. The Company continues to monitor closely the financial performance of all stores and will continue to close stores that do not show a significant improvement in sales and profits. Further, we are reviewing opportune new locations for stores especially flagship stores in the metro cities and also opportunities in tier2 and tier3 cities consistent with our Omni channel retail strategy.

The Online initiatives of the Company continue to show impressive performance. In FY2015-16, the Company attracted an online traffic of more than 7.9 million visits compared to around 6 million in the previous year. Further, the Online initiatives contributed to more than 31% of the overall sales achieved by the Company. The Company continues to allocate greater resources to this medium.

The Company is also in the process of expanding its portfolio of brands to include luxury accessories of international brands such as MONTBLANC and Chopard and also looking at other complementary brands.

The impact of the new PAN rules is likely to be diminish over a period time. The PAN rules are expected to gain wider acceptance amongst the watch customers over a period of time and the sales growth should revert to levels witnessed in previous periods. The Company is already witnessing a recovery of growth. The Company is also taking pro-active steps to modify its growth strategy to counter the negative impact of the PAN rules on the very high price points and to nullify the margin pressures in general.

The introduction of GST is also expected in the near future. This will have a very healthy impact on the Company. The Company has a pan India presence but archaic laws make it very difficult and expensive to leverage this presence. In addition, the levy of multiple taxes, especially customs, service tax, sales tax, etc. has an impact on the profitability of the Company. The introduction of GST will not just lead to administrative ease for serving customers across geographies, it will also have direct positive impact on the profitability of the Company.

Pylania SA

During the financial year 2015-16, the manufacturing operations of the company remained suspended and the revenue generation was primarily from trading activities, consultancy and managerial services and leasing of available resources.

Presently company is evaluating the options of re-commencing the manufacturing of watch components and enhancing the trading business for watches and its components. The implementation of "SWISS ORIGIN" regulations for horology industry from 2017 onwards will help in reviving the Swiss manufacturing of watch components in Pylania.

During the year, the revenue of the company declined from CHF 791 K to CHF 486 K because of the slow-down in the watch components trading revenue. However the company financial profitability improved to CHF 56 K compared to a profit of CHF 44 K during the year 2014-15. The improved profitability was made possible by the efforts of the company in restricting and controlling the operational expenses.

During the year, the company enhanced its share capital by converting CHF 600 K of subordinated loans from an existing shareholder into equity. In addition, CHF 750 K was inducted into the company by way of allotment of 3000 additional shares of CHF 100 at a premium of CHF 150 per share. Company is continuously reducing its borrowings to reduce the finance cost and also to reduce the financial obligations of the company. During the year, the borrowings of the company reduced by more than a million CHF by partial conversion into equity and repayments.

The Board and Shareholders of the company are confident that the revenue and profitability of the business will grow in the coming years as the company plans to enhance the revenue generation by venturing into new streams of business.

Satva Jewellery and Design Limited

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

Human Resource Management

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

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

During the year the Company held various employee engagement programs in order to bolster employee morale inculcate a feeling of team work and camaraderie and create a mechanism to recognize individual and team contributions to the organizations. Programs such as Chairman's Annual Awards and Star Performer Awards recognize and reward individual and team achievements across the Group. The total number of employees of the Company was over 1000 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 applicable laws. The company also has well documented Standard Operating Procedures (SOPs) for various processes which are periodically reviewed for changes warranted due to business needs.

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

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

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

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

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

RISKS, THREATS AND CONCERNS

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

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

Risks of General Nature

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

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

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

Specific Risks

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

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

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

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

Risks related to over dependence on one business: The company is structurally focussing on increasing the revenue from other manufacturing business streams and strategically enhancing the growth of these segments, which will help 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 60% 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.

For & on behalf of the Board

Date: 30-5-2016	**Anil Khanna**	**Yashovardhan Saboo**
Place: Chandigarh	Director	Vice Chairman-cum-CEO

Annexure-10

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 3 (three) Whole-Time directors, i.e., the Chairman, the Vice Chairman-cum-Chief Executive Officer and the Chief Operating Officer. The composition of the Board is in conformity with 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 2016, 8 (Eight) Board Meetings were held and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

28th May, 2015	2nd September, 2015
24th July, 2015	31st October, 2015
14th August, 2015	6th February ,2016
24th August, 2015	11th March, 2016

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 24.08.2015	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. R.K. Saboo	Chairman	Promoter-Executive	7	Yes	2	-	-	-
Mr. Yashovardhan Saboo	Chief Executive Officer (CEO)	Promoter-Executive	8	Yes	8	1	3	-
Mr. Dinesh Agrawal	Chief Operating Officer (COO)	Executive	7	Yes	3	-	-	-
Dr. T.N. Kapoor	Director	Non-Independent Non Executive	2	-	4	4	5	-
Mr. Jagesh Khaitan	Director	Independent-Non Executive	8	Yes	2	-	2	466
Mr. Anil Khanna	Director	Independent-Non Executive	8	Yes	1	1	1	4283
Mr. Chandra Mohan	Director	Independent-Non Executive	7	Yes	6	-	3	-
Ms. Ranjana Agarwal	Director	Independent-Non Executive	6	Yes	3	1	3	-
Mr. Praveen Gupta	Director	Independent-Non Executive	6	Yes	1	-	-	--
Mr.Vishal Satinder Sood	Additional Director	Non- Executive Nominee	1	--	3	-	-	-

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

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

Notes:

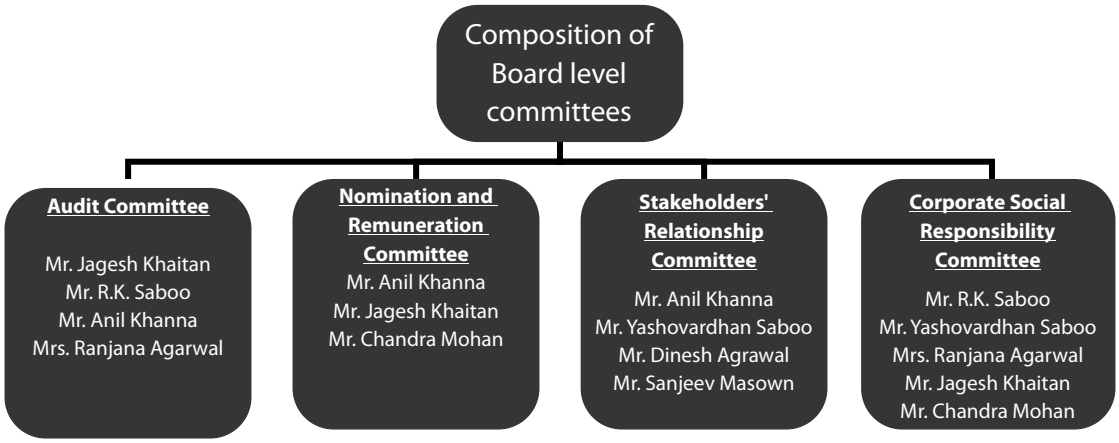
- Mr. Praveen Gupta was appointed as Independent , Non- Executive Director by the shareholders at the Annual General meeting held on 24-08-2015;
- During the year, Mr. Vishal Satinder Sood was appointed as an Nominee Director of SAIF India V Holdings Limited, equity partner, in the Board meeting held on 2nd September 2015;
- Dr. T.N. Kapoor has retired as director of the Company at the Annual General Meeting of the company held on 24th August 2015.
- The term of Mr. Dinesh Agrawal as whole time Director-cum-Chief Operating Officer has ended on 31st March, 2016 as per contract with the Company.

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.



A. AUDIT COMMITTEE

The company has duly constituted Audit Committee and its composition meets the requirements of section 177 of the companies act, 2013 and regulation 18 of SEBI(LODR) Regulations, 2015. 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 2016, 4 (four) meetings of the Audit Committee were held. The dates on which the meetings of the Audit Committee were held, are as under:

28th May, 2015	31st October, 2015
24th July 2015	6th February, 2016

The Audit Committee comprises of three independent, non executive directors and one promoter executive director having financial and management expertise. The Chairman of committee is Mr. Jagesh Khaitan, an independent, non executive director. The Chairman of the audit committee was present in the last annual general meeting.

The composition of the Audit Committee and the details of meetings attended by the Directors is 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	4
Mr. R.K. Saboo	Promoter Executive	Member	4
Dr. T.N. Kapoor *	Non Independent Non Executive	Member	1
Mr. Anil Khanna	Independent Non Executive	Member	4
Mrs. Ranjana Agarwal	Independent Non Executive	Member	4

* Retired as director of the Company at the Annual General Meeting held on 24th August 2015.

The Audit Committee invites CEO and Chief Financial Officer to the meetings. The Audit Committee also 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.

B. NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and Remuneration committee as set out in Part D of schedule II of 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 of Directors;
3. Devising a policy on diversity of Board of Directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

During the financial year ended on 31st March, 2016, 3 (three) meetings of the Nomination and Remuneration Committee were held on 28th May, 2015, 14th August, 2015 and 6th February 2016.

Mr. Jagesh Khaitan, independent and non executive director is the Chairman of the committee. The composition of the Nomination and Remuneration Committee and details of meetings attended by the members is as given below:

Attendance of Members at Meetings of the Nomination and Remuneration Committee			
Name of the Director	**Category**	**Designation**	**Meeting attended**
Mr. Jagesh Khaitan	Independent Non Executive	Chairman	3
Mr. Anil Khanna	Independent Non Executive	Member	3
Dr. T.N. Kapoor *	Non Independent Non Executive	Member	2
Mr. Chandra Mohan	Independent Non Executive	Member	2

* Retired as director of the Company at the Annual General Meeting held on 24th August 2015.

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 DIRECTORS

There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2015-16.

(i) Non-Executive Directors

The remuneration of Non Executive Directors is 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) (Rs.)
Mr. Anil Khanna	1,50,000
Mr. Chandra Mohan	1,25,000
Mr. Jagesh Khaitan	1,85,000
Mr. Praveen Gupta	95,000
Mrs. Ranjana Agarwal	1,20,000
Dr. T.N. Kapoor	50,000
Total	**7,25,000**

(ii) 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, Chief Executive Officer and Chief Operating Officer during the financial year ended on 31st March, 2016 are as follows:

(Amount in ₹)

Name	Salary	Perquisites & Allowances	Bonus paid/provided in 2015-16	Total
Mr. R.K. Saboo	40,28,250	1,29,814	-	41,58,064
Mr. Yashovardhan Saboo	63,00,232	1,16,604	-	64,16,836
Mr. Dinesh Agrawal	44,29,352	3,529	-	44,32,881

a. The Salary includes Performance incentive also.

b. The Company has not granted any Stock Options to its Directors or Employees during Financial Year 2015-16.

C. 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	Promoter, Executive Director	Member
Mr. Dinesh Agrawal	Whole time Director	Member
Mr. Sanjeev Masown	Chief Financial Officer	Member
Mr. P.K. Goyal*	Company Secretary	Member

*Mr. P.K. Goyal has resigned as Company Secretary w.e.f. 31st March 2016 and Mr. R.K. Sood has been appointed as Company Secretary-cum-Compliance Officer of the Company w.e.f. 1st April 2016.

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.

Shareholders'/Investors' complaints

Complaints pending as on 1st April, 2015	Nil
During the period from 1st April, 2015 to 31st March, 2016	2
Complaints disposed off during the year ended 31st March, 2016	2
Complaints unresolved to the satisfaction of shareholders as on 31st March, 2016	Nil

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

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

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

During the year under review, two meetings were held on 28th May 2015 and 6th February 2016.

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

SUBSIDIARY COMPANIES

The financials of the subsidiary companies viz M/s Ethos Limited, Mahen Distributions Ltd , Pylania S.A, & Kamla International Holdings S.A. have been duly reviewd by the Audit Committee and Board of Directors of the company. The Board of Directors 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
2014-15	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	24th August 2015	12.30 p.m.	Issue and allot 1008400 equity shares on preferential basis to SAIF India V Holdings Limited.
2013-14	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	6th August, 2014	12.30 p.m.	a. Re-appointment of Mr. Rajendra Kumar Saboo as Chairman of the Company w.e.f. 1st December, 2013, for a further period of three years, i.e., upto 30th November, 2016. b. Re-appointment of Mr. Yashovardhan Saboo as Managing Director with functional designation of Vice Chairman and Chief Executive Officer of the Company, w.e.f. 1st April, 2014, for a further period of three years, i.e. upto 31st March, 2017. c. Approval under section 180(1)(c) of the Companies Act, 2013 regarding borrowing limits. d. Appointment of Mrs. Malvika Saboo as General Manager of the Company w.e.f. 01.12.2013 under section 314(1)(b) of the Companies Act, 1956. e. Approval under section 372A of the Companies Act, 1956 regarding ratification of Corporate Guarantees already given in favour of our subsidiary company, M/s Ethos Limited.
2012-13	Hotel Timber Trail Resorts, Parwanoo-173 220 (HP)	9th September, 2013	12.30 p.m.	a. Re-appointment of Mr. Dinesh Agrawal as Whole Time Director with functional designation of Chief Operating Officer of the Company, w.e.f., 1st April, 2013, for a further period of three years, i.e., upto 31st March, 2016. b. Provide corporate guarantee to the Bank for providing loan to M/s Ethos Limited, Subsidiary Company.

(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
Hotel Timber Trail Resorts, Parwanoo - 173 220 (HP)	16th April 2015	12.30 p.m.	1. Further issue of equity shares through Qualified Institutional Placement (QIP) for an amount not exceeding Rs. 30 (Thirty) Crores to the Qualified Institutional Buyers in accordance with applicable provisions of the Companies Act, 2013 as well as Regulation 85 of Chapter VIII of the SEBI (ICDR), Regulations, 2009 2. Amendment in Article no. 101 of Articles of Association of the Company for retirement of directors by rotation. 3. Investment of an amount not exceeding Rs. 25 (Twenty five) Crores in the subsidiary company, Ethos Limited, being a related party.

(iii) One postal ballot was conducted during the year and two special resolutions were passed in the Postal Ballot. Mr. Ajay K. Arora, Practicing Company Secretary was appointed as the Scrutiniser for the aforesaid Postal Ballot. Details of voting of the Postal Ballot dated 29th August, 2015 is as follows:-

Item No.	Subject	No. of Shares Voted 'For'	No. of Shares Voted 'Against'	Total No. of Shares Voted	Assent %	Dissent %	Result
1	Amendment to the Main Objects Clause of the Memorandum of Association of the Company	4754041	0	4754041	100%	0	Passed as Special Resolution
2	Amendment of incidental or ancillary objects clause of the Memorandum of Association of the Company	4754041	0	4754041	100%	0	Passed as Special Resolution
3	Deletion of the other objects clause of the Memorandum of Association of the Company	4754041	0	4754041	100%	0	Passed as Special Resolution
4	Alterations in the Articles of Association to include references to Companies Act, 2013	4754041	0	4754041	100%	0	Passed as Special Resolution

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

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

V. DISCLOSURES

i) During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company in large. The transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in the Balance Sheet (See Note No. 33 to the financial statements in the Annual Report). Also, there has not been any non-compliance by the Company in this regard.

The policy on dealing with related party transactions as approved by the Board is posted on the company's website.

ii) No penalties or strictures were imposed by the Stock Exchanges, 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, 2016.

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 thereunder.

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 31.3.2016
Mr. R.K. Saboo	2058460
Mr. Jagesh Khaitan	466
Mr. Anil Khanna	4832
Mr. Chandra Mohan	Nil
Mrs. Ranjana Agarwal	Nil
Mr. Yashovardhan Saboo	1509530
Mr. Dinesh Agrawal	20286
Mr. Vishal Satinder Sood	Nil

In compliance to various Provisions under SEBI(LODR) Regulations, 2015, the company has also framed various polices 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	The financial results are communicated to stock exchange after these are approved by the Board as well as published in the newspapers.
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

VII. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting

Date : 12th August, 2016

Venue : Timber Trail Resorts, Parwanoo (HP)

Time : 12.30 p.m.

(b) Financial Year

Financial year: 1st April to 31st March

For the financial year ended 31st March, 2016, results were announced on:

- 30th June, 2015 : 24th July 2015
- 30th September, 2015 : 31st October 2015
- 31st December, 2015 : 6th February 2016
- 31st March, 2015 : 30th May 2016

For the year ending 31st March, 2017, the tentative dates for announcement of the results:

- 30th June, 2016 : By 15th August, 2016
- 30th September, 2016 : Second week of November, 2016
- 31st December, 2016 : Second week of February, 2017
- 31st March, 2017 : Fourth week of May, 2017

Date of Book Closure

Book Closure 5th August, 2016 to 12th August, 2016 (both days inclusive)

(c) Dividend Payment Date

During the year, the Board of Directors has declared interim dividend @ 15% i.e. Rs.1.50 per share on 11th March 2016 payable to those shareholders, whose names appeared on the Record date i.e. 26th February 2016. The Board of Directors have decided to utilize financial resources for the growth and development of the company.

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

During the year, the equity share capital of the company has also been listed at National Stock Exchange of India Limited (NSE), in addition to the BSE Limited.

The company has paid Annual Listing Fee for the year 2016-17 to both exchanges, i.e. National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE).

(e) Stock Code

NSE - KDDL

BSE - 532054

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

Month	Quote at BSE (Amount in Rs.)		BSE Sensex Close
	High	Low	
April, 2015	424.50	280.30	27011.31
May, 2015	408.50	285.00	27828.44
June, 2015	359.80	245.70	27780.83
July, 2015	359.00	261.10	28114.56
August, 2015	334.90	232.00	26783.09
September, 2015	284.80	235.10	26154.83
October, 2015	311.00	268.10	26656.83
November, 2015	296.00	262.00	26145.67
December, 2015	367.00	287.00	26117.54
January, 2016	360.00	256.00	24870.69
February, 2016	288.80	170.30	23002.00
March, 2016	220.00	176.00	25341.86

(g) Registrar and Share Transfer Agent

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

Karvy Computershare Private Limited

(CIN - U74140TG2003PTC041636)

UNIT: KDDL LIMITED

'Karvy Selenium Tower B', Plot 31-32, Financial District,

Nanakramguda, Gachibowli, Hyderabad - 500 032

Ph : +91 040 67161516/1518

Fax: +91-40 23420818

Website: **www.karvy.com**

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

(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

Distribution of Shareholding as on 31st March, 2016					
Sl. No.	**Category (Amount)**	**No. of Holders**	**% To Holders**	**Amount(Rs.)**	**% To Equity**
1	1 - 5000	4523	86.91	5297680	5.25
2	5001 - 10000	300	5.76	2384410	2.36
3	10001 - 20000	134	2.57	1948780	1.93
4	20001 - 30000	70	1.35	1770290	1.76
5	30001 - 40000	30	0.58	1073680	1.06
6	40001 - 50000	25	0.48	1168300	1.16
7	50001 - 100000	51	0.98	3861940	3.83
8	100001 & ABOVE	71	1.36	83343620	82.64
	Total:	**5204**	**100.00**	**100848700**	**100.00**

SHARE HOLDING PATTERN AS ON 31st MARCH, 2016				
Sl. No.	**Description**	**Cases**	**Shares**	**% Equity**
1	BANKS	1	50	0.00
2	CLEARING MEMBERS	11	12732	0.13
3	DIRECTORS	3	24935	0.25
4	DIRECTORS AND RELATIVES	8	27229	0.27
5	EMPLOYEES	5	7925	0.08
6	FOREIGN COLLABORATORS	2	50000	0.50
7	FOREIGN INSTITUTIONAL INVESTOR	4	1056766	10.48
8	FOREIGN PORTFOLIO INVESTORS	5	390299	3.87
9	H U F	133	62218	0.62
10	BODIES CORPORATES	157	979456	9.71
11	MUTUAL FUNDS	3	92900	0.92
12	NBFC	1	1000	0.01
13	NON RESIDENT INDIANS	83	111122	1.10
14	PROMOTERS BODIES CORPORATE	2	16310	0.16
15	COMPANY PROMOTERS	19	4784781	47.45
16	RESIDENT INDIVIDUALS	4767	2467147	24.46
	Total:	**5204**	**10084870**	**100.00**

(j) Dematerialization of shares and liquidity

As on 31st March, 2016, 95,56,012 equity shares equivalent to about 94.75% of the Company's paid up equity capital is held in dematerialized form with NSDL and CDSL. Trading in equity shares of the Company is permitted only in dematerialized form w.e.f. 24th May, 2001 as per the notification issued by the Securities and Exchange Board of India. The Company has duly complied with the SEBI Circular No. SEBI/Cir/ISD/3/2011 dated June 17, 2011 regarding 100% promoters holding in dematerialized form.

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

(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 (Rs.) as on 31st March, 2016	Date of declaration	Due date for transfer on
2010-11	18	375903	15.09.2011	21.10.2018
2011-12	19	406305	17.09.2012	23.10.2019
2012-13	20	155736	09.09.2013	15.10.2020
2013-14	21	235199	06.08.2014	12.09.2021
2014-15	22	306806	24.08.2015	30.09.2022

(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

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

(n) Plant/Business Locations

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

(o) Address for correspondence

Shareholders are requested to contact the following:-

(i) For transfer of physical shares, request for de-materialization of shares, change of mandates/address or any other related query:-

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.

(ii) For any other grievance:-
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: raman.sood@kddl.com

(p) OTHER DISCLOSURES

(i) During the financial year ended 31st March, 2016 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

(ii) Neither there were any penalties imposed, nor were any strictures passed by Stock Exchanges or SEBI or any statutory authority on any capital market related matters during the last three years.

(iii) The Company has established Whistle Blower policy. All the personnel of the company have the access to the Audit Committee.

(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, 2016 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

A. The Board

The Company does not have a Non-Executive Chairman.

B. Shareholder Rights

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

C. Modified opinion(s) in Audit Report

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

D. Separate posts of Chairman and CEO

The post of the Chairman of the Company and the CEO are held by different persons.

E. 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 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, 2016.

For KDDL Limited

Sd/-

Yashovardhan Saboo

Vice Chairman-cum-Chief Executive Officer

Auditors' 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 2016, as stipulated in Chapter IV of Securities & Exchange Board of India(Listing obligations and disclosure requirement) 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 ensuing 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 requirement) 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.

For M. R. Chechi & Associates
Company Secretaries

Place: Chandigarh
Date: 30-5-2016

Mast Ram FCS, Proprietor
Membership No. : FCS 3823
CP No. : 2906

Independent Auditor's Report

To the Members of KDDL Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of KDDL Limited ("the Company"), which comprise the Balance sheet as at 31 March 2016, the Statement of Profit and loss, the Cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure-I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure I, as required by Section143(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 purpose of our audit;
    b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the standalone financial statements dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section164(2) of the Act;

f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 May 2016 as per Annexure II expressed unqualified opinion; and

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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. as detailed in Note 32(d) to 32(f) to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per **Lalit Kumar**
Partner
Membership No.: 095256
Place: Chandigarh
Date: 30 May, 2016

Annexure I to the Independent Auditor's Report of even date to the members of KDDL Limited on the financial statements for the year ended 31 March, 2016

Annexure I

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

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

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of -three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company except for the following piece of land situated at Parwanoo which was transferred to the Company, as a result of amalgamation of Himachal Fine Blanks Limited, erstwhile wholly owned subsidiary of the company:

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross block as on 31 March 2016 (Rs.)	Net block on 31 March 2016 (Rs.)	Remarks
Land	1	Freehold	566,913	566,913	The management is completing formalities for transferring the title deeds.

Annexure I to the Independent Auditor's Report of even date to the members of KDDL Limited on the financial statements for the year ended 31 March, 2016

ii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

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

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

(b) the schedule of repayment of principal and payment of interest has been stipulated in the contract. The repayment of the principal amount and payment of interest did not fall due during the year covered by our audit;

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

iv. In our opinion, company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees, and security.

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

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

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

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (Rs.)	Amount paid under Protest (Rs.)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	219,309	-	July 2004-March 2005	Custom Excise and Service Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service tax	1,615,287	-	June 2009-September 2013	Commissioner (Appeals)
Income-tax Act, 1961	Income tax	4,046,108	4,046,108	FY 2003-04	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	13,203,431	-	FY 2004-05	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	10,625,400	10,625,400	FY 2005-06	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	13,437,820	5,606,407	FY 2006-07	Income Tax Appellate Tribunal, New Delhi

Annexure I to the Independent Auditor's Report of even date to the members of KDDL Limited on the financial statements for the year ended 31 March, 2016

Income-tax Act, 1961	Income-tax	11,683,230	7,473,770	FY 2007-08	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	9,393,730	5,014,427	FY 2008-09	Income Tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Income-tax	28,567,250	-	FY 2010-11	Commissioner of Income-tax (Appeals), New Delhi

viii. The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

ix. In our opinion, the Company has applied moneys raised by the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments).

x. No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

xi. Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

xii. In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

xiii. In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

xiv. During the year, the company has made private placement of shares. In respect of the same, in our opinion, the company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the company did not make preferential allotment of shares/ fully/partly convertible debentures.

xv. In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

xvi. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Place: Chandigarh
Date: 30 May, 2016

Annexure II to the Independent Auditor's Report of even date to the members of KDDL Limited on the financial statements for the year ended 31 March, 2016

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

1. In conjunction with our audit of the financial statements of KDDL Limited (the 'Company') as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls 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 the Company's 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

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing ('Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Annexure II to the Independent Auditor's Report of even date to the members of KDDL Limited on the financial statements for the year ended 31 March, 2016

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

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

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

Place: Chandigarh
Date:30 May 2016

Balance sheet as at 31 March 2016

(All amounts in rupees, unless stated otherwise)

	Notes	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**101,720,100**	91,636,100
Reserves and surplus	4	**755,911,215**	433,596,649
		857,631,315	525,232,749
Non-current liabilities			
Long-term borrowings	5	**185,496,105**	192,202,566
Deferred tax liabilities (net)	6	**38,002,832**	41,249,912
Other long-term liabilities	7	**7,403,039**	3,263,352
Long-term provisions	8	**28,179,874**	26,415,287
		259,081,850	263,131,117
Current liabilities			
Short-term borrowings	9	**140,978,739**	232,454,932
Trade payables	10		
- Payable to micro and small enterprises		**4,507,070**	2,158,398
- Other payables		**94,327,550**	106,625,583
Other current liabilities	11	**175,369,447**	189,077,029
Short-term provisions	12	**25,348,183**	42,697,656
		440,530,989	573,013,598
Total		**1,557,244,154**	1,361,377,464
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	**579,565,153**	518,372,281
Intangible assets	13	**9,784,484**	14,234,720
Capital work-in-progress		**25,653,878**	20,304,650
Non-current investments	14	**323,750,792**	186,872,302
Long-term loans and advances	15	**61,092,072**	56,284,648
		999,846,379	796,068,601
Current assets			
Inventories	16	**211,364,624**	218,982,599
Trade receivables	17	**199,215,694**	179,501,201
Cash and bank balances	18	**52,197,783**	61,825,674
Short-term loans and advances	19	**92,563,050**	103,460,924
Other current assets	20	**2,056,624**	1,538,465
		557,397,775	565,308,863
Total		**1,557,244,154**	1,361,377,464

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

This is the balance sheet referred to in our report of even date. For and on behalf of the Board of Directors of **KDDL Limited**

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

Per **Lalit Kumar**
Partner

Place: Chandigarh
Date: 30 May 2016

Yashovardhan Saboo
Chief Executive Officer & Vice Chairman
(DIN: 00012158)

Sanjeev Masown
Chief Financial Officer

Anil Khanna
Director
(DIN: 00012232)

Raman Sood
Company Secretary
(Membership No. F3722)

Statement of profit and loss for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015
REVENUE			
Revenue from operations (gross)	21	**1,234,410,447**	1,308,321,613
Less: Excise duty		**44,372,944**	42,067,420
Revenue from operations (net)		**1,190,037,503**	1,266,254,193
Other income	22	**20,319,246**	11,723,065
Total revenue		**1,210,356,749**	1,277,977,258
EXPENSES			
Cost of materials consumed	23	**266,543,829**	297,738,916
Change in inventories of finished goods and work-in-progress	24	**(6,694,215)**	(2,965,481)
Employee benefit expenses	25	**366,403,159**	355,922,602
Finance costs	26	**62,167,392**	80,583,508
Depreciation and amortisation expense	27	**68,882,747**	73,928,011
Other expenses	28	**355,008,637**	366,389,614
Prior period items	29	**923,071**	943,891
Total expenses		**1,113,234,620**	1,172,541,061
Profit before exceptional items and tax		**97,122,129**	105,436,197
Exceptional items	30	**-**	1,396,171
Profit before tax		**97,122,129**	104,040,026
Tax expense:			
Current tax		**36,590,335**	38,840,125
Current tax - earlier years		**(1,995,022)**	-
Deferred tax		**(3,247,081)**	137,699
Profit for the year		**65,773,897**	65,062,202
Earnings per share (Nominal value of equity share Rs 10 each)	36		
Earnings per share-before exceptional items and after tax			
Basic		**6.86**	7.35
Diluted		**6.85**	7.34
Earnings per share-after exceptional items and tax			
Basic		**6.86**	7.19
Diluted		**6.85**	7.18

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

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

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

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

Per **Lalit Kumar**
Partner

Place: Chandigarh
Date: 30 May 2016

Yashovardhan Saboo
Chief Executive Officer & Vice Chairman
(DIN: 00012158)

Sanjeev Masown
Chief Financial Officer

Place: Chandigarh
Date: 30 May 2016

Anil Khanna
Director
(DIN: 00012232)

Raman Sood
Company Secretary
(Membership No. F3722)

Cash flow statement for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

		For the year ended 31 March 2016	For the year ended 31 March 2015
A.	**Cash flow from operating activities:**		
	Net profit before extraordinary items and tax	**97,122,129**	104,040,026
	Adjustments for:		
	Depreciation and amortisation expense	**68,882,747**	73,928,011
	Loss on sale of fixed assets (net)	**1,010,239**	323,464
	Fixed assets written off	**875,631**	599,153
	Employee stock option recognised in statement of P&L	**(83,164)**	76,737
	Finance costs	**62,167,392**	80,583,509
	Interest income	**(5,412,551)**	(3,908,179)
	Prior period items	**923,071**	943,891
	Provision no longer required written back	**(1,058,971)**	(505,009)
	Provision for other than temporary diminution in value of investments	**-**	1,396,171
	Provision for bad and doubtful debts	**959,219**	-
	Bad debts and capital advances written off	**-**	1,652,497
	Operating profit before working capital changes	**225,385,742**	259,130,271
	Adjustments for movement in:		
	Inventories	**7,617,975**	(10,025,046)
	Trade receivables	**(19,614,740)**	1,341,708
	Short-term loans and advances	**14,794,804**	7,935,811
	Long-term loans and advances	**(3,412,860)**	(5,120,423)
	Trade payables	**(9,949,361)**	(3,593,400)
	Other current liabilities	**(6,760,199)**	(13,870,039)
	Other long-term liabilities	**2,655,462**	641,763
	Short-term provisions	**7,958,997**	2,703,626
	Long-term provisions	**1,764,587**	(2,458,044)
	Cash flow from operating activities before taxes	**220,440,407**	236,686,227
	Income tax paid	**(41,211,323)**	(34,770,124)
	Net cash flow from operating activities (A)	**179,229,084**	201,916,103
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets (including capital advances and creditors for capital expenditure)	**(133,264,845)**	(74,157,383)
	Proceeds from sale of fixed assets	**4,206,179**	456,698
	Bank balances not considered as cash and cash equivalents		
	- Placed	**(129,443,970)**	(32,659,008)
	- Matured	**123,234,353**	21,465,389
	Purchase of investment in subsidiaries		
	- Preference shares	**(6,403,600)**	(2,499,900)
	- Equity shares	**(130,474,890)**	-
	Loans realised from group companies	**173,733**	5,413,722
	Loans paid to group companies	**(4,070,663)**	(169,732)
	Interest received from joint venture	**600,000**	600,000
	Interest received from others	**4,855,545**	2,391,776
	Net cash used in investing activities (B)	**(270,588,158)**	(79,158,438)

Cash flow statement for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
C. Cash flow from financing activities:		
Proceeds from issue of share capital (including premium on on conversion of employee stock options and allotment of equity shares)	**299,999,000**	4,770,000
Expenses and commission paid for the issue of shares	**(15,083,603)**	-
Proceeds from long-term borrowings	**116,722,839**	9,077,896
Repayment of long-term borrowings	**(109,807,529)**	(53,645,699)
Proceeds from long-term borrowings from related parties	**800,000**	1,700,000
Repayment of long-term borrowings from related parties	**(25,300,000)**	(6,300,000)
Proceeds from short-term borrowings	**4,057,000**	11,857,695
Repayment of short-term borrowings	**(95,533,193)**	(12,776,704)
Finance costs paid	**(60,255,690)**	(78,754,838)
Dividend paid	**(33,280,937)**	(13,555,080)
Tax on dividend	**(6,796,321)**	(2,303,686)
Net cash from/(used in) financing activities (C)	**75,521,565**	(139,930,417)
Net Decrease in cash and cash equivalents (A+B+C)	**(15,837,508)**	(17,172,751)
Opening cash and cash equivalents	**27,289,299**	44,462,050
Closing cash and cash equivalents	**11,451,791**	27,289,299

Notes :

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

b) Cash and cash equivalents include:

Cash in hand	**1,380,132**	667,664
Balance with banks	**7,551,081**	25,200,731
Unpaid dividend accounts	**2,520,578**	1,420,904
	11,451,791	27,289,299
Excluding the following:		
Deposits with maturity more than three months but less than twelve months*	**40,745,992**	34,536,375
Cash and Bank Balance	**52,197,783**	61,825,674

* placed as fixed deposits with banks for repayment of deposits as required under section 73 of the Companies Act, 2013 (corresponding to section 58A of the Companies Act, 1956) and margin money for working capital and term loans.

c) Negative figures have been shown in brackets.

d) Cash and cash equivalents include Rs 2,520,578 (Previous year Rs 1,420,904) held in dividend accounts which is not available for use by the Company.

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

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

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

Per **Lalit Kumar**
Partner

Place: Chandigarh
Date: 30 May 2016

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

Yashovardhan Saboo
Chief Executive Officer & Vice Chairman
(DIN: 00012158)

Anil Khanna
Director
(DIN: 00012232)

Sanjeev Masown
Chief Financial Officer

Raman Sood
Company Secretary
(Membership No. F3722)

Place: Chandigarh
Date: 30 May 2016

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

1. Background and nature of operations

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

2. Significant accounting policies

a. Basis of preparation

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

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

b. Use of estimates

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

c. Revenue recognition

a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty and net of trade discounts, sales returns and sales tax wherever applicable.

b) Duty Entitlement Pass Book (DEPB) and any other scheme are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

c) Revenue in respect of tool development and job charges is recognized as per the terms of the contract with the customers.

d) Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rates applicable.

e) Dividend income is recognised when the Company's right to receive the same is established.

d. Fixed assets

Tangible assets

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

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

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

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

Intangible assets

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

e. Depreciation and amortisation

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

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

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

f. Inventories

Inventories are valued as follows:

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

g. Investments

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

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

h. Foreign currency transactions

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

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

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

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

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

i. Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined contribution plan

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

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

Defined benefit plan

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

Other long term liability

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

Actuarial Gains/Losses

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

j. Employee Stock Option Plan (ESOP)

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

k. Taxes on income

Tax expense comprises current tax and deferred income tax.

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

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

l. Earnings per share

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

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

m. Leases

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

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

n. Contingent liabilities and provisions

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

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

o. Impairment of assets

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

p. Cash and cash equivalents

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016		As at 31 March 2015	
3. Share capital				
	Number	**Amount**	**Number**	**Amount**
a) Authorised share capital				
Equity shares of Rs 10 each	**12,480,000**	**124,800,000**	12,480,000	124,800,000
b) Issued, subscribed and fully paid up				
(i) Issued	**10,259,150**	**102,591,500**	9,250,750	92,507,500
(ii) Subscribed and fully paid up	**10,084,870**	**100,848,700**	9,076,470	90,764,700
(iii) Shares forfeited [Rs 10 each, Rs 5 paid up]	**174,280**	**871,400**	174,280	871,400
	10,259,150	**101,720,100**	9,250,750	91,636,100

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

b. Reconciliation of equity share capital

	As at 31 March 2016		As at 31 March 2015	
	Number	**Amount**	**Number**	**Amount**
Equity share capital of Rs 10 each fully paid up				
Balance at the beginning of the year	**9,076,470**	**90,764,700**	9,036,720	90,367,200
Add: Shares issued pursuant to exercise of employee stock option plan	**-**	**-**	39,750	397,500
Add: Shares issued during the year	**1,008,400**	**10,084,000**	-	-
Balance at the end of the year	**10,084,870**	**100,848,700**	9,076,470	90,764,700

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

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

	Number	Percentage	Number	Percentage
R. K. Saboo	**2,058,460**	**20.41%**	2,054,560	22.64%
Yashovardhan Saboo	**1,509,530**	**14.97%**	1,505,630	16.59%
Saif India V FII Holdings Limited	**1,008,400**	**10.00%**	-	-

d. Shares reserved for issue under options and other commitments

As on 31 March 2016, 24,750 (previous year : 39,750) equity shares have been reserved for issue under the Employee Stock Plan of the company (Refer note 41).

e. Utilization of proceeds received pursuant to issue of shares

During the current year, the Company has issued 1,008,400 equity shares of Rs 10 each on account of private placement of equity shares issued at Rs 297.50 each (including securities premium of Rs 287.50 each). Consequent to the said allotment, the Company received Rs 299,999,000 which have been utilised as follows:

Particulars	Amounts (Rs)
Writing off the expenses and commission paid for the issue of shares	15,083,603
Repayment of public deposits and inter corporate deposits	59,825,205
Investment in subsidiary Company	20,475,000
Capital expenditure	15,000,000
Working capital requirements	189,615,192
Total	**299,999,000**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

f. Shares issued for consideration other than cash and buy-back of shares

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

	As at 31 March 2016		As at 31 March 2015
4. Reserves and surplus			
Central investment subsidy	**2,500,000**		2,500,000
State investment subsidy	**3,000,000**		3,000,000
Profit on re-issue of forfeited shares	**9,125**		9,125
Forfeiture of zero coupon convertible warrants	**1,025**		1,025
Securities premium reserve			
Balance at the beginning of the year	**191,574,175**		186,649,150
Add: Additions during the year	**289,915,000**		4,925,025
Less: Utilised for writing off the expenses and commission paid for the issue of shares	**(15,083,603)**		-
Balance at the end of the year	**466,405,572**		191,574,175
Employee stock option			
Options outstanding at the beginning of the year	**552,525**		1,167,600
Employee stock options outstanding			
Less: Options exercised during the year	**-**		(552,525)
Less: Options expired during the year	**(208,287)**		(62,550)
Options outstanding at the end of the year (i)	**344,238**		552,525
Deferred employee stock option expense			
At the commencement of the year	**125,123**		264,410
Less: Amortisation and other movements during the year *	**(125,123)**		(139,287)
At the end of the year (ii)	**-**		125,123
(i)-(ii)	**344,238**		427,402
* Employee stock option recognised in statement of profit and loss during the year [Also refer note 21 & 25]	**-**		76,737
General reserve			
Balance at the beginning of the year	**157,619,619**		127,619,619
Add: Transferred from statement of profit and loss	**20,000,000**		30,000,000
Balance at the end of the year	**177,619,619**		157,619,619
Surplus in the statement of profit and loss			
Balance at the beginning of the year	**78,465,303**		80,979,762
Add: Transferred from statement of profit and loss	**65,773,897**		65,062,202
Less:			
Depreciation adjustment [Also refer note 13]	**-**	(24,019,708)	-
Deferred tax impact of depreciation adjustment [Also refer note 13]	**-**	8,312,741	(15,706,967)
Less: Appropriations			
Interim dividend	**(15,127,997)**		-
Tax on Interim dividend	**(3,079,567)**		-
Proposed dividend	**-**		(18,152,940)
Tax on Proposed dividend	**-**		(3,716,755)
Transfer to general reserve	**(20,000,000)**		(30,000,000)
Balance at the end of the year	**106,031,636**		78,465,303
	755,911,215		433,596,649

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
5. Long-term borrowings		
Secured		
Term loans		
- from banks	**115,427,377**	161,638,987
- from others	**62,673,685**	10,160,134
Vehicle loan from banks	**5,390,145**	10,490,776
Unsecured		
Inter corporate deposits		
- From related party [Also refer note 33]	**-**	24,300,000
Public deposit		
- From related party [Also refer note 33]	**2,900,000**	3,900,000
- From others	**105,897,000**	99,383,000
	292,288,207	309,872,897
Less: Current maturities of long term borrowings (refer note 11)		
Secured		
Term loans		
- from banks	**62,112,032**	65,393,521
- from others	**5,342,491**	1,736,449
Vehicle loan from banks	**2,019,579**	3,886,361
Unsecured		
Inter corporate deposits		
- From related party [Also refer note 33]	**-**	9,300,000
Public deposit		
- From related party [Also refer note 33]	**400,000**	1,800,000
- From others	**36,918,000**	35,554,000
	106,792,102	117,670,331
	185,496,105	192,202,566

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

Term loans from banks amounting to Rs 115,427,377 (previous year Rs 161,638,987) are secured as under:

– Term loans from Bank of India amounting to Rs 55,231,759 (previous year Rs 78,373,720) carrying interest rate of 3.20% and 2.95% over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of the Company excluding the fixed assets installed at packaging division at Chandigarh (KPAC), hands division at Bengaluru (KHAN-2), and the plant and machinery and furniture and fixtures of dials division at Parwanoo (TTPA) acquired before 31 March 2005 and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The term loan is further secured by way of first pari passu mortgage charge on land and building of dials division at Derabassi (KDER). The loan includes construction loan for dials unit at Parwanoo (TTPA) which is secured by first pari passu charge on land and building of TTPA. The term loans are also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company.

– Term loans from IDBI Bank Limited amounting to Rs 12,110,411 (previous year Rs 3,780,000) carrying interest rate of 2.5% over the bank base rate and Corporate loan amounting to Rs 24,996,000 (previous year Rs 39,284,000) carrying interest rate of 3% over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of KDER, tool room division at Bengaluru (EIGEN) and hands division at Bengaluru (KHAN-1) and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The term loan is further secured by way of first pari passu mortgage charge on land and building of KDER. The term loans are also personally guaranteed by the Chairman and

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

Chief Executive Officer (CEO) of the Company.

- Term loan from Corporation Bank amounting to Rs 23,089,207 (previous year Rs 40,201,267) carrying interest rate of 5.5% over the bank base rate, are secured by way of first exclusive charge on all the plant and machinery and furniture and fixtures of KHAN-2 and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The loan is further secured by exclusive mortgage charge on land and building of KHAN-1.

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

- Term loan from Bank of India amounting to Rs 8,922,325 is repayable in 2 equal quarterly instalments of Rs 3,125,000 each and last instalment of Rs 2,672,325 commencing from 30 April 2016. The last instalment would be due on 31 October 2016.
- Term loan from Bank of India amounting to Rs 11,941,754 is repayable in 6 equal quarterly instalments of Rs 1,718,750 each and last instalment of Rs 1,629,254 commencing from 30 June 2016. The last instalment would be due on 31 December 2017.
- Term loan from Bank of India amounting to Rs 26,129,248 is repayable in 13 equal quarterly instalments of Rs 1,875,000 each and last instalment of Rs 1,754,248 commencing from 30 June 2016. The last instalment would be due on 30 September 2019.
- Term loan from Bank of India amounting to Rs 8,238,432 is repayable in 6 equal quarterly instalments of Rs 1,250,000 each and last instalment of Rs 738,432 commencing from 30 April 2016. The last instalment would be due on 31 October 2017.
- Corporate Loan from IDBI Bank Limited amounting to Rs 24,996,000 is repayable in 6 equal quarterly instalments of Rs 3,572,000 each and last instalment of Rs 35,64,000 commencing from 30 June 2016. The last instalment would be due on 31 December 2017.
- Corporate Loan from IDBI Bank Limited amounting to Rs 12,110,411 (sanctioned term loan amounting to Rs 45,000,000) is repayable in 16 equal quarterly instalments of Rs 2,812,500 commencing from 31 August 2016. The last instalment would be due on 31 May 2020.
- Term loan from Corporation Bank amounting to Rs 5,089,207 is repayable in 1 quarterly instalments of Rs 2,778,000 and last instalment of Rs 2,311,207 commencing from 30 June 2016. The last instalment would be due on 30 September 2016.
- Term loan from Corporation Bank amounting to Rs 18,000,000 is repayable in 12 equal quarterly instalments of Rs 1,500,000 commencing from 30 June 2016. The last instalment would be due on 31 March 2019.

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

Term loan from Intec Capital Limited amounting to Rs 8,423,685 (previous year Rs 10,160,134) carrying fixed interest rate of 11.75% is secured by way of hypothecation of the specific asset purchased out of proceeds of the loan. The loan is also personally guaranteed of Chairman and Chief Executive Officer (CEO) of the Company. The loan is to be repaid in 44 monthly instalments as per the repayment schedule in equated annual instalments commencing from 1 April 2016. The last instalment would be due on 1 November 2019.

Term loan from Tata Capital Financial Services Limited amounting to Rs 54,250,000 (previous year Nil) carrying interest rate equal to long-term lending rates (LTLR) less 7% (presently 11.25%) is secured by way of exclusive first charge over the project immovable and movable fixed assets of Eigen III, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Bangalore. The loan is also personally guaranteed by Chief Executive Officer (CEO) of the Company. The loan is to be repaid in 48 monthly instalments as per the repayment schedule in equated annual instalments commencing from 25 January 2017. The last instalment would be due on 25 December 2020.

c. Vehicle loans from banks carrying interest rate in the range of 9.51% per annum to 12.25% per annum are secured against hypothecation of specific vehicle purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equated monthly instalments.

d. Public deposits 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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
6. Deferred tax liabilities (net)		
Deferred tax liability		
Timing difference on depreciation and amortisation of tangible and intangible assets	**57,728,272**	58,491,883
Deferred tax assets		
Allowance for bad and doubtful debts	**314,440**	3,050,232
Provision for warranties	**380,500**	-
Provision for employee benefits	**11,493,777**	10,893,160
Provision for bonus	**5,209,057**	2,403,575
Deferred lease rent payable	**2,327,666**	895,004
	38,002,832	41,249,912
Amount recognised in the statement of profit and loss	**(3,247,081)**	137,699
7. Other long-term liabilities		
Security deposits		
From related parties [Also refer note 33]	**677,235**	677,235
Deferred lease rent payable [Also refer note 28 (a) and note 29]	**6,725,804**	2,586,117
	7,403,039	3,263,352
8. Long-term provisions		
Provision for employee benefits [Also refer note 8 (a)]	**27,295,133**	25,842,123
Provision for warranty [Also refer note 8 (b) and note 28]	**884,741**	573,164
	28,179,874	26,415,287

	As at 31 March 2016	As at 31 March 2015
8 (a) Provision for employee benefits		
(i) Defined Contribution Plan: Expenditure on account of Superannuation Scheme taken by the Company with LIC of India in respect of its employee provided in the statement of profit and loss	**1,308,516**	1,445,253

(ii) Defined benefit plan/other long-term benefit plans

a. Gratuity

b. Compensated absences

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

	As at 31 March 2016		As at 31 March 2015	
Particulars	**Compensated absences**	**Gratuity**	**Compensated absences**	**Gratuity**
Actuarial assumptions				
Discount rate	**8%**	**8%**	8%	8%
Rate of increase in compensation levels	**5%**	**5%**	5%	5%
Rate of return of plan assets		**8%**		8%

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016		As at 31 March 2015	
Particulars	**Indian assured lives mortality (1994-96)**	**Indian assured lives mortality (1994-96) Ultimate**	**Indian assured lives mortality (1994-96)**	**Indian assured lives mortality (1994-96) Ultimate**
Demographic assumptions				
Mortality rate				
Retirement age	**58**	**58**	58	58
Withdrawal rates				
- upto 30 years	**3%**	**3%**	3%	3%
- upto 44 years	**2%**	**2%**	2%	2%
- above 44 years	**1%**	**1%**	1%	1%
Change in the present value of obligation:				
Present value of obligation as at the beginning of the year		**42,077,620**		36,061,859
Interest cost		**3,358,355**		2,883,571
Current service cost		**3,278,623**		3,388,343
Benefits paid/payable		**(5,244,869)**		(2,015,055)
Actuarial loss on obligations		**2,707,935**		1,758,902
Present value of obligation as at the end of the year		**46,177,664**		42,077,620
Change in the fair value of plan assets:				
Fair value of plan assets at the beginning of the year		**22,726,201**		16,329,813
Expected return on plan assets		**1,929,748**		1,416,683
Contributions		**8,972,329**		6,994,760
Benefits paid		**(5,244,869)**		(2,015,055)
Fair value of plan assets at the end of the year		**28,383,409**		22,726,201
Reconciliation of present value of defined benefit obligation and the fair value of assets:				
Present value of funded obligation as at the end of the year		**46,177,664**		42,077,620
Fair value of plan assets as at the end of the period funded status		**28,383,409**		22,726,201
Unfunded/funded net liability recognized in balance sheet*		**17,794,255**		19,351,419
* includes short-term provision of Rs 3,278,623 (previous year Rs 3,388,343)				
Expenses recognized in the statement of profit and loss:				
Current service cost		**3,278,623**		3,388,343
Interest cost		**3,358,355**		2,883,571
Expected return on plan assets		**1,929,748**		1,416,683
Net actuarial loss recognized in the year		**2,707,935**		1,758,902
Total expenses recognized in the statement of profit and loss		**7,415,165**		6,614,133

Notes :

1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
2) The expected return is based on the expectation of the average long term rate of return on investments of the fund during the estimated terms of obligations.
3) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
4) Plan assets mainly comprise funds managed by the insurer i.e. Life Insurance Corporation of India ('LIC').
5) For Gratuity, the Company makes annual contributions to the LIC of an amount advised by the LIC.

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

Gratuity	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Defined benefit obligation	46,177,664	42,077,620	36,061,859	28,070,433	23,923,388
Plan assets	28,383,409	22,726,201	16,329,813	11,241,153	12,070,098
Net liability	**17,794,255**	**19,351,419**	**19,732,046**	**16,829,280**	**11,853,290**
Experience adjustment arising on the gratuity benefits	**2,707,935**	**1,758,902**	**5,606,380**	**3,248,778**	**3,497,262**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
8 (b) Reconciliation of provision for warranty		
Provision at the beginning of the year	**1,106,200**	214,715
Less: Provision utilized during the year	**533,036**	-
Add: Provision recognised during the year	**526,292**	891,485
Provision at the end of the year*	**1,099,456**	1,106,200

* includes short-term provision of Rs 214,715 (previous year Rs 533,036)

9. Short-term borrowings		
Secured [Also refer note 9 (a) below]		
Working capital borrowings from banks	**109,257,143**	184,481,394
Buyers credit from banks	**21,320,596**	41,629,538
Unsecured		
Public deposits	**10,401,000**	6,344,000
	140,978,739	232,454,932

a. Details of security of short-term secured loans

- Working capital borrowings from banks carrying interest rate varying from 11.10% to 14.35% are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the entire fixed assets of the Company. These loans are also guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company (except Corporation Bank) and is repayable on demand.
- Buyers credit from corporation bank amounting to Rs 13,613,556 carrying interest rate varying 6 month libor plus 1.17% to 6 month libor plus 1.59% is secured against hypothecation of inventory and receivables and is repayable on demand.
- Buyers credit from IDBI amounting to Rs 7,707,040 carrying interest rate varying 6 month libor plus 1.03% to 6 month libor plus 1.62% is secured against hypothecation of inventory and receivables and is repayable on demand.

	As at 31 March 2016	As at 31 March 2015
10. Trade payables		
Dues to micro and small enterprises [Also refer note (a) below]	**4,507,070**	2,158,398
Dues to others	**85,823,746**	105,482,033
Dues to related parties [Also refer note 33]	**8,503,804**	1,143,550
	98,834,620	108,783,981

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

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
Principal amount remaining unpaid	**4,430,377**	2,125,279
Interest due thereon	**43,574**	33,119
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	**-**	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	**-**	-
Interest accrued and remaining unpaid as at end of the year	**76,693**	33,119
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	**-**	-

11. Other current liabilities

Current maturities of long-term debts:		
Term loan [Also refer note 5]		
- from banks	**62,112,032**	65,393,521
- from others	**5,342,491**	1,736,449
Vehicle loan from banks	**2,019,579**	3,886,361
Inter-corporate deposits		
- from related parties [Also refer note 33]	**-**	9,300,000
Public deposit		
- from related parties [Also refer note 33]	**400,000**	1,800,000
- from others	**36,918,000**	35,554,000
Interest accrued but not due on borrowings*	**14,442,224**	13,232,446
Unpaid dividend in Investor Education and Protection Fund**	**2,520,578**	1,420,904
Other payables		
Statutory dues	**10,451,812**	10,298,411
Creditors for capital expenditure	**4,842,011**	2,120,943
Advances from customers	**5,819,324**	2,903,552
Employee related payables	**30,501,396**	41,430,442
	175,369,447	189,077,029
* due to related parties [Also refer note 33]	**139,853**	77,526

** Not due for deposit

12. Short-term provisions

Provision for employees benefits [Also refer note 8 (a)]	**19,712,267**	11,334,950
Provision for income tax [Net of advance tax and taxes deducted at source Rs 31,873,832 (Previous year Rs 31,004,802)]	**5,421,201**	8,859,975
Others		
Provision for wealth tax	**-**	100,000
Proposed dividend	**-**	18,152,940
Tax on proposed dividend	**-**	3,716,755
Provision for warranty [Also refer note 8 (b) and note 28]	**214,715**	533,036
	25,348,183	42,697,656

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

13. Fixed assets

For the year ended 31 March 2016

	Gross block				Depreciation/amortisation				Net block	
	As at 1 April 2015	Additions	Disposals/ Adjustments	As at 31 March 2016	As at 1 April 2015	Charge for the year	Sale /adjustments during the year	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangibles										
Land										
-Leasehold	792,659	-	-	792,659	-	-	-	-	792,659	792,659
-Freehold	8,263,231	53,927,005	-	62,190,236	-	61,187	-	61,187	62,129,049	8,263,231
Buildings	144,383,266	-	-	144,383,266	59,786,537	4,413,217	-	64,199,754	80,183,512	84,596,729
Leasehold improvements	2,130,441	-	-	2,130,441	1,944,099	-	-	1,944,099	186,342	186,342
Plant and machinery	874,196,482	70,218,450	15,594,653	928,820,278	490,437,553	51,029,541	13,697,111	527,769,983	401,050,296	383,758,929
Furniture and fixtures	58,514,588	2,949,145	2,358,112	59,105,621	42,784,449	3,302,243	2,273,284	43,813,408	15,292,213	15,730,139
Office equipment	13,732,708	3,844,170	186,919	17,389,959	10,333,891	2,235,332	169,175	12,400,048	4,989,911	3,398,817
Vehicles	38,858,515	1,014,721	5,913,257	33,959,979	17,213,080	3,641,626	1,835,898	19,018,808	14,941,171	21,645,435
Total (A)	**1,140,871,890**	**131,953,491**	**24,052,941**	**1,248,772,440**	**622,499,609**	**64,683,146**	**17,975,468**	**669,207,287**	**579,565,153**	**518,372,281**
Intangibles										
Know-how	8,839,123	-	-	8,839,123	6,305,591	372,518	-	6,678,109	2,161,014	2,533,532
Software	25,583,646	1,287,531	-	26,871,177	16,985,171	3,565,606	-	20,550,777	6,320,400	8,598,475
Web portal	7,298,571	-	-	7,298,571	4,195,858	1,799,643	-	5,995,501	1,303,070	3,102,713
Total (B)	**41,721,340**	**1,287,531**	-	**43,008,871**	**27,486,620**	**5,737,767**	-	**33,224,387**	**9,784,484**	**14,234,720**
TOTAL (A)+(B)	**1,182,593,230**	**133,241,022**	**24,052,941**	**1,291,781,311**	**649,986,229**	**70,420,913**	**17,975,468**	**702,431,674**	**589,349,637**	**532,607,001**
Capital work-in-progress									**25,653,878**	**20,304,650**

For the year ended 31 March 2015

	Gross block				Depreciation/amortisation					Net block	
	As at 1 April 2014	Additions	Disposals/ Adjustments	As at 31 March 2015	As at 1 April 2014	Charge for the year	Sale /adjustments during the year	Adjusted from reserves	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangibles											
Land											
-Leasehold	792,659	-	-	792,659	-	-	-	-	-	792,659	792,659
-Freehold	8,263,231	-	-	8,263,231	-	-	-	-	-	8,263,231	8,263,231
Buildings	144,048,516	334,750	-	144,383,266	51,164,046	4,424,653	-	4,197,838	59,786,537	84,596,729	92,884,470
Leasehold improvements	2,130,441	-	-	2,130,441	1,939,783	4,316	-	-	1,944,099	186,342	190,658
Plant and machinery	832,944,514	46,067,125	4,815,157	874,196,482	425,519,028	52,504,219	3,957,682	16,371,988	490,437,553	383,758,929	407,425,486
Furniture and fixtures	57,836,684	2,050,778	1,372,874	58,514,588	37,356,527	5,666,200	1,328,447	1,090,169	42,784,449	15,730,139	20,480,157
Office equipment	12,186,480	1,561,228	15,000	13,732,708	6,103,657	1,870,521	-	2,359,713	10,333,891	3,398,817	6,082,823
Vehicles	35,404,773	5,028,456	1,574,714	38,858,515	13,218,519	5,095,126	1,100,565	-	17,213,080	21,645,435	22,186,254
Total (A)	**1,093,607,298**	**55,042,337**	**7,777,745**	**1,140,871,890**	**535,301,560**	**69,565,035**	**6,386,694**	**24,019,708**	**622,499,609**	**518,372,281**	**558,305,738**
Intangibles											
Know-how	8,488,688	350,435	-	8,839,123	5,658,841	646,750	-	-	6,305,591	2,533,532	2,829,847
Software	21,735,271	3,848,375	-	25,583,646	14,206,365	2,778,806	-	-	16,985,171	8,598,475	7,528,906
Web portal	7,298,571	-	-	7,298,571	2,396,215	1,799,643	-	-	4,195,858	3,102,713	4,902,356
Total (B)	**37,522,530**	**4,198,810**	-	**41,721,340**	**22,261,421**	**5,225,199**	-	-	**27,486,620**	**14,234,720**	**15,261,109**
TOTAL (A)+(B)	**1,131,129,828**	**59,241,147**	**7,777,745**	**1,182,593,230**	**557,562,981**	**74,790,234**	**6,386,694**	**24,019,708**	**649,986,229**	**532,607,001**	**573,566,847**
Capital work-in-progress										**20,304,650**	**7,222,852**

1. Depreciation during the year includes Rs 1,538,166 (Previous year Rs 862,223) charged on plant and machinery at EIGEN unit which was utilised for development of in-house tools. Accordingly, such amount has been capitalised under plant and machinery.
2. Pursuant to the enactment of Schedule II to Companies Act, 2013 being effective from 1 April 2014, the Company had revised depreciation rate on fixed assets as per the useful life specified in part II of Schedule II to the Act and as per management 's estimate based on internal valuation. As a result of this change, the depreciation charged for the year ended 31 March 2015 was higher by Rs 13,337,160 and profit before tax would had been higher by such amount and net amount of Rs 15,706,967 (Gross amount Rs 24,019,708 and deferred tax impact Rs 8,312,741) had been adjusted in the opening reserves (Also refer note 4).
3. Based on the Company's experience, the existing models of tools used for manufacture of watch hands (at KHAN unit) become obsolete in 2 to 3 years and the tools manufactured exclusively to these models also become redundant. The Company's policy of 36 months of useful life is consistent with dynamics associated with the industry in which it is operating.
4. The borrowing cost capitalised under leasehold land during the year ended 31 March 2016 is Rs 897,304 (previous year Nil).
5. During the current year, expenses amounting Rs 2,041,430 (previous year Nil), comprising of rent, power, salary, water charges and freight expenses have been capitalized under plant and machinery being expenses eligible for capitalization.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
14. Non-current investments		
Trade investments (valued at cost unless stated otherwise, unquoted)		
Subsidiaries		
7,550 (previous year 7,550) equity shares of Swiss Franc (CHF) 100 each fully paid up of Pylania SA, Switzerland.	**28,123,935**	28,123,935
7,665,648 (previous year 6,887,418) equity shares of Rs 10 each fully paid up of Ethos Limited	**179,040,740**	69,040,850
136,363 (previous year 136,363) 12% cumulative preference shares of Rs 110 each fully paid up of Ethos Limited	**14,999,930**	14,999,930
19,230 (previous year 19230) 14% cumulative preference shares of Rs 130 each fully paid up of Ethos Limited	**2,499,900**	2,499,900
5,700,000 (previous year 5,700,000) equity share of Rs 10 each fully paid up of Mahen Distribution Limited	**57,000,000**	57,000,000
6,000 (previous year 3,000) equity shares of Swiss Franc (CHF) 100 each fully paid up of Kamla International Holdings SA.	**38,351,064**	17,876,064
114,350 (previou year Nil) 12% cumulative preference shares of Rs 56 each fully paid of Mahen Distribution Limited	**6,403,600**	-
Associate		
300,000 (previous year 300,000) equity shares of Rs 10 each fully paid up of Kamla Tesio Dials Limited	**3,000,000**	3,000,000
Joint Venture		
1,500,000 (previous year 1,500,000) equity shares of Rs 10 each fully paid up of Satva Jewellery and Design Limited	**15,000,000**	15,000,000
	344,419,169	207,540,679
Less:		
Provision for diminution in the value of investment, other than temporary in:		
Kamla Tesio Dials Limited	**1,000,000**	1,000,000
Satva Jewellery and Design Limited	**15,000,000**	15,000,000
Pylania SA, Switzerland	**9,843,377**	9,843,377
Aggregate value of trade investments	**318,575,792**	181,697,302
Non-trade investments (valued at cost unless stated otherwise, unquoted)		
500,000 (previous year 500,000) equity shares of Rs 10 each fully paid up of Karolview Developers Private Limited	**5,000,000**	5,000,000
17,500 (previous year 17,500) equity shares of Rs 10 each fully paid up of Shivalik Waste Management Limited	**175,000**	175,000
Aggregate value of non-trade investments	**5,175,000**	5,175,000
	323,750,792	186,872,302
Aggregate amount of quoted investments	**-**	-
Aggregate amount of unquoted investments	**349,594,169**	212,715,679
Aggregate provision for dimunition in value of investments	**25,843,377**	25,843,377

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
15. Long-term loans and advances		
(unsecured, considered good, unless otherwise stated)		
Capital advances		
Unsecured, considered good	**442,650**	1,523,397
Doubtful	**-**	200,000
	442,650	1,723,397
Less: Provision for doubtful capital advance	**-**	200,000
	442,650	1,523,397
Security deposits	**13,917,295**	11,790,347
Prepaid income taxes [net of provision Rs 119,578,750 (previous year Rs 81,708,995)]	**42,519,772**	40,044,461
Prepaid expenses	**367,176**	237,496
Loans and advances to employees	**3,845,179**	2,688,947
	61,092,072	56,284,648
16. Inventories		
(valued at lower of cost and net realisable value, unless otherwise stated)		
Raw material [including scrap of Rs 504,412 (previous year Rs Rs 355,790)]	**113,786,295**	122,509,931
Raw material (in transit)	**1,607,213**	6,112,769
Work-in-progress	**60,082,523**	49,914,003
Finished goods	**9,344,113**	13,560,992
Stores and spares	**26,544,480**	26,884,904
	211,364,624	218,982,599
a. Details of work-in-progress		
Watch dials	**30,670,246**	27,816,869
Watch hands	**8,758,836**	9,161,168
Blank components	**17,288,330**	9,136,979
Press tools	**2,784,596**	2,784,596
Ornamental packaging boxes	**580,515**	1,014,391
	60,082,523	49,914,003
17. Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	**2,852,053**	2,438,831
Unsecured, Considered doubtful	**908,577**	8,813,662
	3,760,630	11,252,493
Less: Allowances for bad and doubtful debts	**908,577**	8,813,662
	2,852,053	2,438,831
Other debts		
Unsecured, considered good*	**196,363,641**	177,062,370
	199,215,694	179,501,201
*due from related parties [Also refer note 33]	**-**	591,599

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
18. Cash and bank balances		
Cash and cash equivalents		
Cash in hand	**1,380,132**	667,664
Balances with banks in current account	**7,551,081**	25,200,731
Unpaid dividend account	**2,520,578**	1,420,904
Total cash and cash equivalents	**11,451,791**	27,289,299
Other bank balances		
Deposits with maturity more than three months but less than twelve months	**40,745,992**	34,536,375
	52,197,783	61,825,674

Notes:

a) Cash and cash equivalents include Rs 2,520,578 (previous year Rs 1,420,904) held in dividend accounts which is not available for use by the Company.

b) Rs 40,745,992 (previous year Rs 34,536,375) has been placed as fixed deposits with banks for repayment of deposits as required under section 73 of the Companies Act, 2013 (corresponding to section 58A of the Companies Act, 1956) and margin money for working capital and term loans.

19. Short-term loans and advances		
(Unsecured, considered good, unless otherwise stated)		
Loans to related parties*		
Subsidiaries	**-**	2,028,300
Joint venture (secured)	**10,394,200**	10,394,200
Recoverable from related parties*		
Subsidiaries	**7,967,189**	2,056,110
Joint venture	**783,060**	595,176
Entities in which significant influence is exercised	**72,000**	245,733
Director	**800,000**	1,200,000
Employee loans and advances	**21,923,765**	14,457,841
Prepaid expenses	**7,182,835**	6,715,444
Balances with government and statutory authorities	**34,459,555**	61,162,870
Advance to suppliers	**8,980,446**	4,605,250
	92,563,050	103,460,924

*Also refer note 33

20. Other current assets		
Interest accrued on fixed deposits	**2,056,624**	1,538,465
	2,056,624	1,538,465

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
21. Revenue from operations		
Sale of products	**1,172,571,556**	1,208,878,353
Sale of services	**15,767,918**	23,305,144
Other operating income		
Export incentives	**21,274,313**	45,250,501
Miscellaneous sales	**23,654,525**	30,382,606
Provision no longer required written back	**1,142,135**	505,009
	1,234,410,447	1,308,321,613

* Includes reversal of excess provision of employee stock options amounting to Rs 83,164.

a. Details of products sold		
- Manufactured goods		
Watch dials	**456,834,710**	462,698,263
Watch hands	**485,753,253**	495,712,664
Blank components	**167,827,928**	180,322,376
Press tools	**17,300,642**	12,409,626
Ornamental packaging boxes	**44,855,023**	57,735,424
	1,172,571,556	1,208,878,353
b. Details of services		
Job charges	**7,608,648**	7,049,068
Tool development charges	**7,559,270**	15,656,076
E-commerce business	**600,000**	600,000
	15,767,918	23,305,144
22. Other income		
Interest income from		
Banks	**3,948,870**	2,740,598
Related party [Also refer note 33]	**600,000**	600,000
Others	**863,681**	567,581
Other non-operating income		
Rent	**4,985,890**	4,229,884
Foreign exchange fluctuation gain (net)	**9,886,453**	3,142,766
Miscellaneous income	**34,352**	442,236
	20,319,246	11,723,065
23. Cost of materials consumed		
Raw material consumed		
Opening inventories	**122,154,141**	108,505,184
Add: Purchases during the year	**257,671,571**	311,387,873
Less: Closing inventories	**113,281,883**	122,154,141
	266,543,829	297,738,916
a. Details of raw materials and components		
Brass and metal	**115,926,263**	123,129,820
Components	**51,181,667**	59,176,410
Others	**99,435,899**	115,432,686
	266,543,829	297,738,916

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
24. Changes in inventories of finished goods and work-in-progress		
Opening stock		
Finished goods	**13,560,992**	3,857,557
Work in process	**49,914,003**	55,777,818
Scrap	**355,790**	648,191
Closing stock		
Finished goods	**9,344,113**	13,560,992
Work in process	**60,082,523**	49,914,003
Scrap	**504,412**	355,790
Impact of excise duty on opening/closing stock	**593,952**	(581,738)
	(6,694,215)	(2,965,481)
25. Employee benefit expenses		
Salaries and wages	**320,251,302**	311,145,230
Contribution to provident and other funds	**26,365,836**	24,277,084
Staff welfare expenses	**19,786,021**	20,423,551
Employee stock option charge	**-**	76,737
	366,403,159	355,922,603
26. Finance costs		
Interest expense	**54,874,586**	71,760,216
Other borrowing cost	**7,292,806**	8,823,292
	62,167,392	80,583,508
27. Depreciation and amortisation expense		
Depreciation [Also refer note 13]	**63,144,980**	68,702,812
Amortisation [Also refer note 13]	**5,737,767**	5,225,199
	68,882,747	73,928,011

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
28. Other expenses		
Stores and spares consumed	**61,768,294**	68,052,867
Power, fuel and water charges	**33,798,003**	34,144,285
Contractual labour expenses	**36,177,378**	41,457,637
Insurance	**1,097,553**	497,926
Rent		
Machinery	**1,568,000**	1,586,300
Office and factory premises [Also refer note (a) below]	**20,531,742**	16,521,326
Others	**894,129**	1,085,395
Rates and taxes	**1,898,408**	3,151,112
Repair and maintenance		
Plant and machinery	**16,531,461**	17,155,970
Buildings	**4,313,884**	5,712,137
Others	**11,947,058**	11,162,245
Legal and professional [Also refer note (b) below]	**30,915,044**	24,345,856
Travel and conveyance	**33,801,189**	35,023,647
Job charges	**36,362,750**	32,408,772
Printing and stationery	**3,495,270**	3,593,919
Communication expenses	**6,322,530**	6,397,756
Subscription and annual fees	**1,234,764**	1,203,829
Commission	**23,476,534**	33,295,245
Events and exhibitions	**8,068,343**	8,418,346
Loss on sale of fixed assets (net)	**1,010,239**	323,464
Fixed assets written off	**875,631**	599,153
Development charges	**1,205,794**	843,833
Provision for bad and doubtful debts	**959,219**	-
Donation	**450,000**	840,000
Bad debts and capital advances written off [out of provision for bad and doubtful debts and provision for bad and doubtful capital advances, Rs 9,064,304 debited to bad debts and advances written off (previous year Rs 2,126,825)]	**-**	1,652,497
Provision for warranty [Also refer note 8 (b) and note 12]	**-**	358,449
Directors' sitting fees	**725,975**	755,000
Security service charges	**5,696,237**	5,033,416
Miscellaneous expenses	**9,883,208**	10,769,232
	355,008,637	366,389,614

a) Rent - Office and factory premises include Rs 2,655,462 (previous year Rs 641,763) recognised on account of straight lining of lease rent over the lease term in accordance with the provision of Accounting Standard 19 'Accounting for leases'.

b) Legal and professional includes payment to the auditors

As auditor	**2,032,818**	1,363,711
Reimbursement of expenses	**123,370**	147,249
	2,156,188	1,510,960

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
29. Prior period items		
Interest income on income tax refund	**(561,154)**	-
Deferred Lese Rent	**1,484,225**	-
Provision for warranty [Also refer note 8 (b)]	**-**	533,036
Annual maintenance charges	**-**	410,855
	923,071	943,891
30. Exceptional item		
Provision for other than temporary diminution on investments*	**-**	1,396,171
	-	1,396,171

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

Particulars	As at 31 March 2016	As at 31 March 2015
31. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**369,850**	2,735,987
32. Contingent liability not provided for exists in respect of:		
a) Bank guarantees outstanding	**18,870,000**	47,767,670
b) Bonds in favour of central excise and customs authorities	**1,425,000**	1,425,000
c) Guarantee given to scheduled banks and non-banking financial company (NBFC) in relation to cash-credit and non-fund based facilities of Rs 543,500,000 (previous year Rs 516,000,000) and term loans of Rs 145,100,000 (previous year Rs 145,100,000) provided by banks and NBFC to subsidiary companies. Overdraft outstanding as of 31 March 2016 is Rs 527,290,422 (previous year Rs 405,866,925) and term loan Rs 55,087,328 (previous year Rs 78,972,751) respectively against the facilities availed by subsidiary companies. The Company has also created charge over its various fixed assets with respect to such loans availed by its subsidiary.		
d) Demand raised for Service Tax against which appeals have been filed	**1,834,596**	219,309
e) Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs 372,818 (previous year Rs 372,818)	**372,818**	372,818
f) "Demand raised for Income tax (assessment year 2004-05 to assessment year 2011-12)"	**90,956,969**	77,753,538
g) Demand made by central excise authority	**-**	8,164,882
h) Surety bonds in favour of sales tax department	**100,000**	100,000
i) Custom duty saved against EPCG Licences, pending redemption	**15,371,868**	12,370,089
j) Claims against the Company not acknowledged as debt (to the extent ascertainable)	**2,137,500**	2,033,525
k) Other Items	**6,417,192**	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

33. Related party disclosures

A. Relationships

I.	**Subsidiary companies**	Pylania SA Kamla International Holdings SA Ethos Limited Mahen Distribution Limited
II.	**Associates**	Kamla Tesio Dials Limited
III.	**Joint venture**	Satva Jewellery and Design Limited
IV.	**Entities over which significant influence is exercised by the company /key management personnel (either individually or with others)**	Vardhan Properties & Investments Limited Saboo Coatings Limited VBL Innovations Private Limited Vardhan International Limited Saveeka Family Trust; and Dream Digital Technology Limited
V.	**Key management personnel (KMP)**	**Relatives ***
a.	Mr. R.K. Saboo (Chairman)	Mrs. Usha Devi Saboo (spouse), Mr. Yashovardhan Saboo (son), Mrs. Asha Devi Saboo (brother's spouse)
b.	Mr. Y. Saboo (Chief Executive Officer)	Mr. R.K. Saboo (father), Mrs. Anuradha Saboo (spouse), Mr. Pranav Shankar Saboo (Son), Mrs. Malvika Singh (son's spouse)
c.	Dinesh Agrawal (Chief Operating Officer)	Mrs. Shashi Agrawal (spouse)

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

33. Related Party Disclosure (Continued)

The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2016

S No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
1	**Purchase of raw material and components**						
	Pylania SA	385,539	-	-	-	-	-
	Ethos Limited	29,500	-	-	-	-	-
	Saboo Coatings Limited	-	-	-	2,725,516	-	-
2	**Sale of goods and services**						
	Pylania SA	3,458,659	-	-	-	-	-
	Ethos Limited	681,839	-	-	-	-	-
	Saboo Coatings Limited	-	-	-	20,282	-	-
3	**Rent paid by the Company**						
	Kamla Tesio Dials Limited	-	800,000	-	-	-	-
	Satva Jewellery & Design Limited	-	-	600,000	-	-	-
	Saboo Coatings Limited	-	-	-	50,000	-	-
	Mr. R.K. Saboo	-	-	-	-	336,626	-
	Mr. Yashovardhan Saboo	-	-	-	-	1,805,085	-
	Mrs. Anuradha Saboo	-	-	-	-	-	168,479
	Mrs. Usha Devi Saboo	-	-	-	-	-	67,393
4	**Salary of employees recovered**						
	Ethos Limited	493,304	-	-	-	-	-
	Vardhan Properties and Investment Limited	-	-	-	144,000	-	-
5	**Salary of employees paid**						
	Saboo Coatings Limited	-	-	-	541,640	-	-
6	**Salary paid to relatives of KMP**						
	Ms. Malvika Singh	-	-	-	-	-	736,836
7	**Director remuneration**						
	Mr. R.K. Saboo	-	-	-	-	4,158,064	-
	Mr. Yashovardhan Saboo	-	-	-	-	6,416,836	-
	Mr. Dinesh Agrawal	-	-	-	-	4,432,881	-
8	**Interest received**						
	Satva Jewellery & Design Limited	-	-	600,000	-	-	-
9	**Interest paid/accrued**						
	Vardhan Properties and Investment Limited	-	-	-	704,376	-	-
	VBL Innovations Private Limited	-	-	-	923,178	-	-
	Saveeka Family Trust	-	-	-	45,890	-	-
	Mr. R.K. Saboo	-	-	-	-	340,000	-
	Mr. Yashovardhan Saboo	-	-	-	-	170,000	-
	Mrs. Shashi Agarwal	-	-	-	-	-	62,522
	Mrs. Asha Devi Saboo	-	-	-	-	-	125,000
10	**Guarantee charges received**						
	Pylania SA	349,995	-	-	-	-	-
11	**Public deposits accepted**						
	Vardhan Properties and Investment Limited	-	-	-	300,000	-	-
	Mr. R.K.Saboo	-	-	-	-	10,000,000	-
	Mr. Yashovardhan Saboo	-	-	-	-	5,000,000	-
12	**Repayment of Public deposits**						
	Saveeka Family Trust	-	-	-	1,000,000	-	-
	Mr. R.K. Saboo	-	-	-	-	10,000,000	-
	Mr. Yashovardhan Saboo	-	-	-	-	5,000,000	-
13	**Repayment of inter-corporate deposits (ICD)**						
	Vardhan Properties and Investment Limited	-	-	-	9,300,000	-	-
	VBL Innovations Private Limited	-	-	-	15,000,000	-	-
14	**Rent received**						
	Ethos Limited	4,201,884	-	-	-	-	-
	Dream Digital Technology Limited	-	-	-	12,000	-	-
	Saboo Coatings Limited	-	-	-	760,000	-	-
15	**Repayment of loans given by the Company**						
	Pylania SA	2,028,300	-	-	-	-	-
	Mr. Dinesh Agarwal	-	-	-	-	400,000	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

33. Related Party Disclosure (Continued)

The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2016

S No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
16	**Reimbursement of expenses paid by the Company**						
	Pylania SA	16,873,068	-	-	-	-	-
	Ethos Limited	45,200	-	-	-	-	-
	Saboo Coatings Limited	-	-	-	53,053	-	-
	Dream Digital Technology Limited	-	-	-	19,033	-	-
17	**Expenses other than salary recovered by the Co.**						
	Ethos Limited	3,829,038	-	-	-	-	-
	Pylania SA	347,995	-	-	-	-	-
	Kamla Tesio Dials Limited	-	37,084	-	-	-	-
	Satva Jewellery & Design Limited	-	-	175,884	-	-	-
	Saboo Coatings Limited	-	-	-	331,232	-	-
	VBL Innovations Private Limited	-	-	-	235,947	-	-
	Dream Digital Technology Limited	-	-	-	925,568	-	-
18	**Investments made**						
	Ethos Limited	109,999,890	-	-	-	-	-
	Kamla International Holdings AG	20,475,000	-	-	-	-	-
	Mahen Distribution Limited	6,403,600	-	-	-	-	-
19	**Management consultancy fees paid**						
	Dream Digital Technology Limited	-	-	-	1,800,000	-	-
20	**Dividend paid**						
	Mr. R.K. Saboo	-	-	-	-	6,926,886	-
	Mr. Yashovardhan Saboo	-	-	-	-	5,275,554	-
	Mrs. Usha Devi Saboo	-	-	-	-	-	1,579,130
	Mrs. Anuradha Saboo	-	-	-	-	-	1,344,095
	Mr. Pranav Shankar Saboo	-	-	-	-	-	752,164
	Balances at the end of the year						
1	**Loans and advances**						
	Satva Jewellery & Design Limited	-	-	10,394,200	-	-	-
	Mr. Dinesh Agarawal	-	-	-	-	800,000	-
2	**Other receivables/advances**						
	Ethos Limited	7,967,189	-	-	-	-	-
	Satva Jewellery & Design Limited	-	-	783,060	-	-	-
	Vardhan Properties and Investment Limited	-	-	-	72,000	-	-
3	**Payables**						
	Pylania SA	6,210,370	-	-	-	-	-
	Kamla Tesio Dials Limited	-	995,873	-	-	-	-
	Saboo Coatings Limited	-	-	-	461,063	-	-
	Dream Digital Technology Limited	-	-	-	836,498	-	-
4	**Guarantees taken ***						
	Mr. R.K.Saboo	-	-	-	-	402,338,170	-
	Mr. Yashovardhan Saboo	-	-	-	-	483,011,854	-
5	**Security deposit taken**						
	Ethos Limited	677,235	-	-	-	-	-
6	**Guarantees given**						
	Ethos Limited [refer note 32(c)]	598,587,328	-	-	-	-	-
	Pylania SA	18,870,000	-	-	-	-	-
7	**Public deposits outstanding**						
	Vardhan Properties and Investment Limited	-	-	-	1,500,000	-	-
	Mrs. Asha Devi Saboo	-	-	-	-	-	1,000,000
	Mrs. Shashi Agrawal	-	-	-	-	-	400,000
8	**Interest on outstanding public deposit**						
	Mrs. Shashi Agrawal	-	-	-	-	-	139,853

* 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 216,716,562 of Mr. R.K.Saboo and Rs 297,390,248 of Mr. Yashovardhan Saboo.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

33. Related Party Disclosure (Continued)

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

S No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
1	**Purchase of raw material and components**						
	Pylania SA	360,312	-	-	-	-	-
	Saboo Coatings Limited	-	-	-	3,080,189	-	-
2	**Sale of goods and services**						
	Pylania SA	23,514,261	-	-	-	-	-
	Ethos Limited	2,143,194	-	-	-	-	-
	Saboo Coatings Limited	-	-	-	130,328	-	-
3	**Purchase of fixed assets**						
	Pylania SA	578,250	-	-	-	-	-
4	**Rent paid by the Company**						
	Kamla Tesio Dials Limited	-	800,000	-	-	-	-
	Satva Jewellery & Design Limited	-	-	600,000	-	-	-
	Saboo Coatings Limited	-	-	-	50,000	-	-
	Mr. R.K. Saboo	-	-	-	-	320,592	-
	Mr. Yashovardhan Saboo	-	-	-	-	1,645,364	-
	Ms. A. Saboo	-	-	-	-	-	160,452
	Ms. U. Saboo	-	-	-	-	-	64,188
5	**Salary of employees recovered**						
	Ethos Limited	617,466	-	-	-	-	-
	Vardhan Properties and Investment Limited	-	-	-	144,000	-	-
6	**Salary paid to relatives of KMP**						
	Ms. Malvika Singh	-	-	-	-	-	642,736
7	**Director remuneration**						
	Mr. R.K. Saboo	-	-	-	-	3,730,802	-
	Mr. Yashovardhan Saboo	-	-	-	-	5,644,736	-
	Mr. Dinesh Agrawal	-	-	-	-	4,196,989	-
8	**Interest received**						
	Satva Jewellery & Design Limited	-	-	600,000	-	-	-
9	**Interest paid/ accrued**						
	Vardhan Properties and Investment Limited	-	-	-	1,401,731	-	-
	Saveeka Family Trust	-	-	-	292,561	-	-
	Dream Digital Technology Limited	-	-	-	65,754	-	-
	VBL Innovations Private Limited	-	-	-	2,399,995	-	-
	Mrs Shashi Agarwal	-	-	-	-	-	55,282
	Mrs. Asha Devi Saboo	-	-	-	-	-	125,000
10	**Guarantee charges received**						
	Pylania SA	212,500	-	-	-	-	-
11	**Public deposits accepted**						
	Vardhan Properties and Investment Ltd.	-	-	-	700,000	-	-
12	**Repayment of Public deposits**						
	Saveeka family Trust	-	-	-	2,000,000	-	-
13	**Repayment of inter-corporate deposits (ICD)**						
	Dream Digital Technology Limited	-	-	-	5,000,000	-	-
14	**Amount written back during the period**						
	Satva Jewellery and Design Limited	-	-	1,457,715	-	-	-
15	**Rent received**						
	Ethos Limited	3,445,884	-	-	-	-	-
	Satva Jewellery and Design Limited	-	-	600,000	-	-	-
	Dream Digital Technology Limited	-	-	-	12,000	-	-
	Saboo Coatings Limited	-	-	-	760,000	-	-
16	**Loans and advances given by the Company**						
	Pylania SA*	20,180,000	-	-	-	-	-
	Satva Jewellery & Design Limited	-	-	100,000	-	-	-
	Mr Dinesh Agrawal	-	-	-	-	1,200,000	-

S No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
17	**Repayment of loans received by the Company**						
	Pylania SA	26,297,700	-	-	-	-	-
18	**Reimbursement of expenses paid by the Company**						
	Pylania SA	11,418,251	-	-	-	-	-
	Ethos Limited	192,119	-	-	-	-	-
	Dream Digital Technology Limited	-	-	-	136,718	-	-
19	**Expenses recovered by the Company**						
	Ethos Limited	2,278,859	-	-	-	-	-
	Pylania SA	1,091,228	-	-	-	-	-
	Kamla Tesio Dials Limited	-	33,820	-	-	-	-
	Satva Jewellery & Design Limited	-	-	57,732	-	-	-
	Saboo Coatings Limited	-	-	-	291,011	-	-
	VBL Innovations Private Limited	-	-	-	293,341	-	-
	Dream Digital Technology Limited	-	-	-	1,760,671	-	-
20	**Investments made**						
	Ethos limited	2,499,900	-	-	-	-	-
21	**Management consultancy fees paid**						
	Dream Digital Technology Limited	-	-	-	1,620,000	-	-
22	**Dividend paid**						
	Vardhan Properties and Investment Limited	-	-	-	27,002	-	-
	Mrs. Usha Devi Saboo	-	-	-	-	-	562,760
	Mrs. Anuradha Saboo	-	-	-	-	-	768,054
	Mr. Pranav Shankar Saboo	-	-	-	-	-	339,600
	Mrs. Asha Devi Saboo	-	-	-	-	-	154,773
	Mr. R.K. Saboo	-	-	-	-	3,081,841	-
	Mr. Yashovardhan Saboo	-	-	-	-	2,258,445	-

Balances at the end of the year

1	**Loans and advances**						
	Pylania SA	2,028,300	-	-	-	-	-
	Satva Jewellery and Design Limited	-	-	10,394,200	-	-	-
	Mr Dinesh Agrawal	-	-	-	-	1,200,000	-
2	**Trade receivable**						
	Ethos Limited	591,599	-	-	-	-	-
3	**Other receivables/advances**						
	Pylania SA	1,334,005	-	-	-	-	-
	Ethos Limited	722,105	-	-	-	-	-
	Kamla Tesio Dials Limited	-	1,725	-	-	-	-
	Satva Jewellery and Design Limited	-	-	595,176	-	-	-
	Saboo Coatings Limited	-	-	-	86,895	-	-
	Vardhan Properties and Investment Limited	-	-	-	36,000	-	-
	Dream Digital Technology Limited	-	-	-	121,113	-	-
4	**Payables**						
	Kamla Tesio Dials Limited	-	211,870	-	-	-	-
	Saboo Coatings Limited	-	-	-	270,871	-	-
	Dream Digital Technology Limited	-	-	-	660,809	-	-
5	**Guarantees taken***						
	Mr. R.K.Saboo	-	-	-	-	421,437,780	-
	Mr. Yashovardhan Saboo	-	-	-	-	455,597,914	-
6	**Security deposit**						
	Ethos Limited	677,235	-	-	-	-	-
7	**Guarantees given**						
	Ethos Limited [refer note 33(c)]	543,111,696	-	-	-	-	-
	Pylania SA	47,767,670	-	-	-	-	-
8	**Public deposits outstanding**						
	Saveeka Family Trust	-	-	-	1,000,000	-	-
	Vardhan Properties and Investment Limited	-	-	-	1,500,000	-	-
	Mrs. Asha Devi Saboo	-	-	-	-	-	1,000,000
	Mrs. Shashi Agrawal	-	-	-	-	-	400,000
9	**Interest on outstanding public deposit**						
	Mrs. Shashi Agrawal	-	-	-	-	-	77,526
10	**Inter corporate deposits outstanding**						
	Vardhan Properties and Investment Limited	-	-	-	9,300,000	-	-
	VBL Innovations Private Limited	-	-	-	15,000,000	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

* Guarantees taken by the Company includes personal guarantees of Mr. R.K.Saboo and Mr. Yashovardhan Saboo for working capital borrowings and term loans. The original sanctioned limits of working capital borrowings and term loans by the continuing banks has been disclosed above. However, at the reporting date, the 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 366,713,952 of Mr. R.K.Saboo and Rs 400,874,086 of Mr. Yashovardhan Saboo.

34. Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186 of the Companies Act, 2013 :

	Particulars	As at 31 March 2016	As at 31 March 2015
a)	**Loans and advances**		
	Loan to subsidiary: Pylania SA		
	Balance as at the year end	**-**	2,028,300
	Maximum amount outstanding at any time during the year	**2,028,300**	35,772,000
	(Pylania SA has utilised the loan for meeting working capital requirements)		
	Loan to joint venture: Satva Jewellery & Design Limited		
	Balance as at the year end	**10,394,200**	10,394,200
	Maximum amount outstanding at any time during the year	**10,394,200**	10,394,200
	(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	**18,280,558**	18,280,558
	Maximum amount outstanding at any time during the year	**18,280,558**	18,280,558
	Investment in subsidiary: Ethos Limited	**196,540,570**	86,540,680
	Balance as at the year end	**196,540,570**	86,540,680
	Maximum amount outstanding at any time during the year		
	Investment in subsidiary: Mahen Distribution Limited		
	Balance as at the year end	**63,403,600**	57,000,000
	Maximum amount outstanding at any time during the year	**63,403,600**	57,000,000
	Investment in subsidiary: Kamla International Holdings SA		
	Balance as at the year end	**38,351,064**	17,876,064
	Maximum amount outstanding at any time during the year	**38,351,064**	17,876,064
	Investment in associate: Kamla Tesio Dials Limited		
	Balance as at the year end	**2,000,000**	2,000,000
	Maximum amount outstanding at any time during the year	**2,000,000**	2,000,000
	Investment in Company: Karolview Developers Private Limited		
	Balance as at the year end	**5,000,000**	5,000,000
	Maximum amount outstanding at any time during the year	**5,000,000**	5,000,000
	Investment in Company: Shivalik Waste Management Limited		
	Balance as at the year end	**175,000**	175,000
	Maximum amount outstanding at any time during the year	**175,000**	175,000
c)	**Guarantees given**		
	Guarantees given to subsidiary: Ethos Limited		
	Balance as at the year end	**598,587,328**	543,111,696
	(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	**18,870,000**	47,767,670
	(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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

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

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

	For the year ended 31 March 2016		For the year ended 31 March 2015	
Raw material and components	**Amount**	**Percentage**	**Amount**	**Percentage**
Imported	**145,667,459**	**54.65%**	173,379,788	58.23%
Indigenous	**120,876,370**	**45.35%**	124,359,128	41.77%
	266,543,829	**100.00%**	297,738,916	100.00%
Stores and spares				
Imported	**26,525,267**	**42.94%**	29,755,809	43.72%
Indigenous	**35,243,027**	**57.06%**	38,297,058	56.28%
	61,768,294	**100.00%**	68,052,867	100.00%

B. Value of imports on CIF basis		
a) Capital goods	**23,706,114**	6,217,593
b) Raw material and components	**121,103,609**	152,626,921
c) Stores and spares	**22,121,743**	29,909,021
C. Expenditure in foreign currency (on accrual basis)		
a) Travelling	**3,768,526**	3,408,557
b) Legal and Professional	**6,161,569**	897,119
c) Commission on exports	**29,473,696**	37,119,162
d) Salaries	**23,070,076**	18,413,898
e) Others	**7,974,382**	4,344,234
D. Earnings in foreign exchange		
FOB value of exports	**730,154,371**	774,529,412
Others	**6,002,071**	22,095,622
E. Net dividend remitted in foreign exchange		
Period to which it relates	**2015-16**	2013-14
Number of non-resident shareholders	**94**	36
Number of equity shares held on which dividend was due	**1,610,034**	584,730
Amount remitted	**2,415,067**	877,100
Period to which it relates	**2014-15**	
Number of non-resident shareholders	**80**	
Number of equity shares held on which dividend was due	**178,249**	
Amount remitted	**356,498**	

36. Earnings per share		
Net profit attributable to equity shareholders		
Profit before exceptional items and after tax	**65,773,897**	66,458,373
Profit after exceptional items and tax	**65,773,897**	65,062,202
Number of weighted average equity shares		
Basic	**9,583,425**	9,045,580
Diluted	**9,597,779**	9,060,047
Nominal value of equity share (Rs)	**10**	10
Earnings per share-before exceptional items and after tax		
Basic	**6.86**	7.35
Diluted	**6.85**	7.34
Earnings per share-after exceptional items and tax		
Basic	**6.86**	7.19
Diluted	**6.85**	7.18

The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

37. Leases

Operating leases

The Company has leased some of its premises and some of its fixed assets to a third party under a lease agreement that qualifies as an operating lease. Rental income for operating leases for the years ended 31 March 2016 and 31 March 2015 aggregate to Rs 4,985,890 and Rs 4,229,884 respectively.

The Company is a lessee under various cancellable and non-cancellable operating leases. Rental expense for operating leases for the years ended 31 March 2016 and 31 March 2015 was Rs 22,993,871 and Rs 19,193,021 respectively. The Company has executed non-cancelable operating leases. Expected future minimum lease payments in respect of such leases are as follows:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Year ending after balance sheet date:		
Upto one year	**5,676,707**	4,764,243
One to five years	**23,089,625**	28,940,820
More than five years	**443,372**	6,825,668

38. Disclosure as per clause 32 of the listing agreement with stock exchanges

Loans and advances given to subsidiaries and associates:

	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Maximum amount outstanding during the year	Balance outstanding at year end	Maximum amount outstanding during the year	Balance outstanding at year end
Satva Jewellery and Design Limited*	**10,394,200**	**10,394,200**	10,394,200	10,394,200
Pylania SA	**2,028,300**	**-**	28,326,000	2,028,300

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

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

	For the year ended 31 March 2016	For the year ended 31 March 2015
Total Assets	**13,335,486**	14,928,617
50% share of the Company in Joint Venture	**6,667,743**	7,464,309
Total Liabilities	**13,335,486**	14,928,617
50% share of the Company in Joint Venture	**6,667,743**	7,464,309
Income	**749,901**	984,916
50% share of the Company in Joint Venture	**374,951**	492,458
Expenses	**3,533,466**	4,603,908
50% share of the Company in Joint Venture	**1,766,733**	2,301,954

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

(a) In terms with the provisions of the said Act, the Company had to spend a sum of Rs 1,200,687 towards CSR activities during the year ended 31 March 2016.

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

S. No	Particulars	Amount paid in Cash	Amount yet to be paid in Cash	Total
(i)	Construction of borewell at government school in derabassi	123,550	-	123,550
(ii)	Contibution to KDDL Ethos Foundation	945,000	-	945,000
	Total	**1,068,550**	**-**	**1,068,550**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

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

(a) The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company planed to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company. The outstanding options as on 31 March 2016 are 24,750.

(b) Fifty percent of the options which have been granted under ESOP 2011 have been vested on 1 April 2014 ('first tranche'). These options were exercised by the employees and accordingly 39,750 shares were issued during the year to the eligible employees. The balance options shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs. 1,500,000,000 ('second tranche'). The exercise period for the options is within six months from the date of vesting of the options. Each option is exercisable for one equity share of Rs. 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.

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

Particulars	ESOP 2011		ESOP 2011	
	Year Ended 31 March 2016		Year Ended 31 March 2015	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
	Number	Amount	Number	Amount
Outstanding at the beginning of the year	39,750	120	84,000	120
Granted options	-	-	-	-
Exercise during the year	-	-	39,750	120
Forfeited during the year	-	-	-	-
Expired during the year	15,000	120	4,500	120
Outstanding at the end of year	24,750	120	39,750	120
Number of equity shares of Rs 10 each fully paid to be issued on exercise of option	24,750	120	39,750	120
Weighted average price remaining contractual life (years)				
- First Tranche	N.A.	N.A.	N.A.	N.A.
- Second Tranche*	N.A.	N.A.	N.A.	N.A.

* The options under second tranche shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs 1,500,000,000. Accordingly, the weighted average remaining contractual life (years) has been considered to be not applicable.

(d) Proforma Accounting for Stock option Grants

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
1. Profit after tax as reported	**65,773,897**	65,062,202
2. Add : Stock based employee compensation expense debited to statement of profit and loss	**(83,164)**	76,737
3. Less : Stock based employee compensation expense based on fair value	**(280,615)**	(397,692)
4. Difference between (2) and (3)	**(363,779)**	(320,955)
5. Adjusted to proforma profit	**65,410,117**	64,741,247
6. Difference between (1) and (5)	**363,779**	320,955
7. Basic earnings per share as reported	**6.86**	7.19
8. Proforma basic earnings per share	**6.83**	7.16
9. Diluted earnings per share as per reported	**6.85**	7.18
10. Proforma diluted earnings per share	**6.82**	7.15

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Risk Free interest rate (in %)	**8.50%**	8.50%
Expected life (in months)*	**88**	29
Volatility (in %)**	**66.49%**	66.49%
Dividend Yield (in %)	**1.58%**	1.58%

* The options under second tranche shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs 1,500,000,000. The management of the Company has revised the expected life to achieve the turnover of Rs 1,500,000,000 from 29 months in previous year to 88 months in current year starting from 2011.

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

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Total options granted outstanding	**24,750**	39,750
Weighted average exercise price (in Rs)	**120**	120
Weighted average fair value (in Rs)	**87.13**	61.05

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

		Amount outstanding as at 31 March 2016		Amount outstanding as at 31 March 2015	
Particulars	**Units of foreign currency**	**Amount (in FC)**	**Amount (in ₹)**	**Amount (in FC)**	**Amount(in ₹)**
Receivables					
	HKD	47,440	400,391	247,969	1,973,838
	USD	182,797	12,024,406	353,823	21,954,734
	EUR	21,547	1,597,513	16,203	1,082,976
	CHF	1,368,817	92,614,158	1,245,955	79,432,749
	GBP	528	49,665	493	45,103
Payables					
	HKD	367,613	3,161,472	346,437	2,813,068
	USD	46,339	3,078,732	22,586	1,415,698
	EUR	13,269	1,001,540	5,078	345,467
	CHF	183,262	12,648,732	152,033	9,916,817
	JPY	126,715	75,281	10,322,116	5,401,191
Commission payable					
	CHF	316,382	21,836,657	401,803	26,105,140
Buyer's credit					
	USD	320,900	21,320,596	583,740	36,588,837
	HKD	-	-	620,776	5,040,701
Advances from customers					
	CHF	53,422	3,687,153	2,449	159,104
	EUR	-	-	1,800	122,472
	USD	27,592	1,839,333	170	10,664

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

Advances from customers					
	USD	17,730	1,166,310	-	-
	SGD	12,236	591,986	-	-
	EURO	31,116	2,306,919	-	-
	JPY	64,950	38,587	-	-
	CHF	4,358	294,895	-	-

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

			Amount outstanding as at 31 March 2016		Amount outstanding as at 31 March 2015	
Units of foreign currency	No. of contracts	(in Foreign currency)	(in Rupees)	No. of contracts	(in Foreign currency)	(in Rupees)
CHF	6	600,000	42,475,000	-	-	-

43. Segment information, as required under AS-17 "Segment Reporting", has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

44. As per the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of appointing independent consultants for conducting a Transfer Pricing Study (the 'Study') to confirm that the transaction with associate enterprises undertaken during the financial year are on "arms length basis". Management is of the opinion that the company's transactions are at arm's length and that the results of the proposed study will not have any impact on the financial statements and that they do not expect any transfer pricing adjustments.

45. Previous year figures have been regrouped/recasted, wherever considered necessary to make them comparable with those of the current year.

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

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

Per **Lalit Kumar**
Partner

Place: Chandigarh
Date: 30 May 2016

Yashovardhan Saboo
Chief Executive Officer & Vice Chairman
(DIN: 00012158)

Sanjeev Masown
Chief Financial Officer

Place: Chandigarh
Date: 30 May 2016

Anil Khanna
Director
(DIN: 00012232)

Raman Sood
Company Secretary
(Membership No. F3722)

Independent Auditor's Report

To the Members of KDDL Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of KDDL Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled entity, which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9(a) and 9(b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associate and jointly

controlled entity as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. (a) We did not audit the financial statements of two Indian subsidiaries and one jointly controlled entity, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs2,093,719,269 as at 31 March 2016, total revenues (after eliminating intra-group transactions) of Rs3,287,474,160 and net cash flows amounting to Rs5,731,822 for the year ended on that date. The consolidated financial statements also include the Group's share of net profit of Rs128,872 for the year ended 31 March 2016, as considered in the consolidated 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 report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entity and associate, is based solely on the reports of the other auditors.

   (b) We did not audit the financial statements of two foreign subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs114,023,574 as at 31 March 2016, total revenues (after eliminating intra-group transactions) of Rs55,215,894 and net cash flows amounting to Rs3,779,630 for the year ended on that date. These financial statements have been examined by other auditors whose examination reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such examination reports examined by other auditors. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries, associate and jointly controlled entity, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

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

    c) The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);

    e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate company and jointly controlled company incorporated in India, none of the directors of the Group companies, its associate company and jointly controlled company, incorporated in India is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company, its subsidiary companies, associate company and jointly controlled company, which are companies incorporated in India, as of 31 March 2016, in conjunction with our audit of the consolidated financial statements of the group, its associate and jointly controlled entity for the year ended on that date and our report dated 30 May 2016 as per annexure I expressed unmodified opinion.

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:

i. As detailed in Note 33 (d) to 33 (f), the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entity;

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate company and jointly controlled company incorporated in India.

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

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

Place: Chandigarh
Date: 30 May, 2016

Annexure I to the Independent Auditor's Report of even date to the members of KDDL Limited, on the consolidated financial statements for the year ended 31 March 2016.

Annexure I

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of the KDDL Limited("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled entity as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on IFCoFR criteria established by the Group considering the essential components of internal financial controls 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 the company's business, including adherence to the company's policies, the safeguarding of the company's 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

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate company and jointly controlled company as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India(ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), issued by the

Annexure I to the Independent Auditor's Report of even date to the members of KDDL Limited, on the consolidated financial statements for the year ended 31 March 2016.

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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 the IFCoFR of the Holding Company, its subsidiary companies, its associate company and jointly controlled company as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on IFCoFR criteria established by the Group considering the essential components of internal financial controls 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').

Other Matters

9. We did not audit the IFCoFR insofar as it relates to two subsidiary companies and one jointly controlled company, which are companies incorporated in India, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs2,093,719,269 as at 31 March 2016, total revenues (after eliminating intra-group transactions) of Rs3,287,474,160 and net cash flows amounting to Rs5,731,822 for the year ended on that date; and one associate company, which are companies incorporated in India, in respect of which, the Group's share of net profit of Rs128,872 for the year ended 31 March 2016 has been considered in the consolidated financial statements. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, under Section

Annexure I to the Independent Auditor's Report of even date to the members of KDDL Limited, on the consolidated financial statements for the year ended 31 March 2016.

143(3)(i) of the Act insofar as it relates to the aforesaid subsidiaries, associate and jointly controlled company, which are companies incorporated in India, is solely based on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For **Walker Chandiok & Co LLP**

(Formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**

Partner

Membership No.: 095256

Place: Chandigarh

Date: 30 May 2016

Consolidated Balance sheet as at 31 March 2016

(All amounts in rupees, unless stated otherwise)

	Notes	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	**101,720,100**	91,636,100
Reserves and surplus	3	**717,251,532**	423,686,407
		818,971,632	515,322,507
Minority interest		**337,943,549**	309,440,172
Non-current liabilities			
Long-term borrowings	4	**330,489,059**	363,748,750
Deferred tax liabilities (net)	5	**30,604,664**	28,071,891
Other long-term liabilities	6	**28,102,850**	18,396,885
Long-term provisions	7	**35,949,580**	33,227,735
		425,146,153	443,445,261
Current liabilities			
Short-term borrowings	8	**681,588,671**	708,465,219
Trade payables	9		
- Payable to micro and small enterprises		**4,507,070**	2,158,398
- Other payables		**773,229,141**	846,693,171
Other current liabilities	10	**340,094,748**	301,356,129
Short-term provisions	11	**34,629,971**	56,927,067
		1,834,049,601	1,915,599,984
Total		**3,416,110,935**	3,183,807,924
ASSETS			
Non-current assets	12		
Fixed assets			
Tangible assets		**775,535,835**	723,153,154
Intangible assets		**15,223,404**	20,248,345
Capital work-in-progress		**29,524,034**	25,184,835
Non-current investments	13	**7,889,295**	7,760,423
Long-term loans and advances	14	**207,035,863**	174,205,938
Other non-current assets	15	**8,172,994**	385,000
		1,043,381,425	950,937,695
Current assets			
Inventories	16	**1,849,672,274**	1,686,962,644
Trade receivables	17	**258,586,869**	248,374,696
Cash and bank balances	18	**122,818,553**	130,494,251
Short-term loans and advances	19	**138,276,461**	164,081,316
Other current assets	20	**3,375,353**	2,957,322
		2,372,729,510	2,232,870,229
Total		**3,416,110,935**	3,183,807,924

Notes 1 to 51 form an integral part of these Consolidated financial statements

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

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

Per **Lalit Kumar**
Partner

Place: Chandigarh
Date: 30 May 2016

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

Yashovardhan Saboo
Chief Executive Officer & Vice Chairman
(DIN: 00012158)

Anil Khanna
Director
(DIN: 00012232)

Sanjeev Masown
Chief Financial Officer

Raman Sood
Company Secretary
(Membership No. F3722)

Place: Chandigarh
Date: 30 May 2016

Consolidated Statement of profit and loss for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015
REVENUE			
Revenue from operations (gross)	21	**4,542,164,570**	4,157,063,636
Less: Excise duty		**44,372,944**	42,067,420
Revenue from operations (net)		**4,497,791,626**	4,114,996,216
Other income	22	**46,262,797**	19,976,584
Total revenue		**4,544,054,423**	4,134,972,800
EXPENSES			
Cost of materials consumed	23	**266,158,290**	302,207,697
Purchase of traded goods	24	**2,680,182,189**	2,415,925,917
Cost of services rendered		**4,185,943**	2,080,697
Changes in inventories of finished goods and work in progress	25	**(178,269,451)**	(324,059,240)
Employee benefit expense	26	**570,292,165**	536,927,178
Finance costs	27	**150,150,076**	153,371,185
Depreciation and amortisation expense	28	**112,270,662**	118,152,217
Other expenses	29	**859,119,890**	790,647,152
Prior period items	30	**923,071**	943,891
Total expenses		**4,465,012,835**	3,996,196,694
Profit before tax		**79,041,588**	138,776,106
Tax expense:			
Current tax		**36,590,335**	56,034,997
Current tax - earlier years		**(1,989,603)**	-
Minimum alternate tax credit entitlement		**-**	(102,182)
Deferred tax		**8,004,555**	(5,117,789)
Deferred tax adjustment - earlier years		**(5,471,790)**	-
Profit after tax before minority interest / share of profit (loss) in associates		**41,908,091**	87,961,080
Share in profit/ (loss) of associates		**128,872**	(37,405)
Adjustment for minority interest		**11,017,271**	(1,445,745)
Net profit for the year		**53,054,234**	86,477,930
Earnings per share (Nominal value of equity share Rs 10 each)	38		
(1) Basic		**5.54**	9.56
(2) Diluted		**5.53**	9.54

Notes 1 to 51 form an integral part of these Consolidated financial statements

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

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

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

Per **Lalit Kumar**
Partner

Place: Chandigarh
Date: 30 May 2016

Yashovardhan Saboo
Chief Executive Officer & Vice Chairman
(DIN: 00012158)

Sanjeev Masown
Chief Financial Officer

Place: Chandigarh
Date: 30 May 2016

Anil Khanna
Director
(DIN: 00012232)

Raman Sood
Company Secretary
(Membership No. F3722)

Consolidated Cash flow statement for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

		For the year ended 31 March 2016	For the year ended 31 March 2015
A.	**Cash flow from operating activities:**		
	Net profit before tax	**79,041,588**	138,776,106
	Adjustments for:		
	Depreciation and amortisation expense	**112,270,662**	118,152,217
	Loss on sale of assets (net)	**1,010,239**	323,464
	Fixed assets written off	**3,946,371**	3,329,696
	Employee stock option recognised in statement of profit and loss	**(83,164)**	76,737
	Finance costs	**150,150,076**	153,371,185
	Interest income	**(6,245,673)**	(4,874,343)
	Provision no longer required, written back	**(13,831,004)**	(7,031,594)
	Bad debts and capital advances written off	**1,838,370**	1,652,497
	Provision for bad and doubtful debts	**959,219**	-
	Foreign exchange translation reserve arising on consolidation	**(1,303,041)**	4,812,949
	Operating profit before working capital changes	**327,753,643**	**408,588,914**
	Adjustments for movement in:		
	Inventories	**(162,709,630)**	(324,608,327)
	Trade receivables	**(13,009,762)**	(42,092,500)
	Short-term loans and advances	**25,804,855**	1,137,845
	Long-term loans and advances	**(17,563,426)**	(23,428,539)
	Other current assets	**143,456**	(716,790)
	Other non-current assets	**(6,878,189)**	(152,389)
	Trade payables	**(57,284,355)**	181,924,860
	Other current liabilities	**5,362,627**	(15,513,092)
	Other long-term liabilities	**9,705,965**	3,984,639
	Short-term provisions	**8,593,285**	6,007,278
	Long-term provisions	**2,721,845**	(593,755)
	Cash flow from operating activities before taxes	**122,640,314**	**194,538,144**
	Less: Income-tax paid	**(63,456,324)**	(46,808,530)
	Net cash flow from operating activities (A)	**59,183,990**	**147,729,614**
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets (including capital advances and creditors for capital expenditure)	**(165,513,125)**	(116,698,907)
	Proceeds from sale of fixed assets	**4,068,129**	1,080,438
	Impact of translation on assets of foreign subsidiary	**(4,224,692)**	3,413,711
	Profit on purchase of investments	**2,805,030**	-
	Loss on purchase of investments	**(7,224,000)**	-
	Interest received	**5,684,186**	4,037,432
	Bank balances not considered as cash and cash equivalents		
	- Deposits	**(147,713,643)**	(42,039,838)
	- Matured	**132,991,896**	30,679,645
	Net cash used in investing activities (B)	**(179,126,218)**	**(119,527,519)**
C.	**Cash flow from financing activities:**		
	Proceeds from issue of share capital (including premium on conversion of employee stock options and allotment of equity shares)	**299,999,000**	4,770,000
	Expenses and commission paid for the issue of shares	**(15,083,603)**	-

Consolidated Cash flow statement for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

		For the year ended 31 March 2016	For the year ended 31 March 2015
	Proceeds from issue of shares to minority		
	- Equity shares	**33,437,566**	1,202,500
	- Preference shares	**-**	69,250,220
	Proceeds from long-term borrowings (including current maturities)	**286,803,841**	18,359,794
	Repayment of long-term borrowings (including current maturities)	**(292,583,009)**	(97,794,654)
	Proceeds from short-term borrowings	**44,057,000**	151,070,474
	Repayment of short-term borrowings	**(70,933,549)**	(10,242,000)
	Finance costs paid	**(147,165,400)**	(153,175,714)
	Dividend paid	**(33,280,937)**	(13,555,080)
	Tax on dividend	**(6,796,322)**	(2,303,686)
	Net cash from/(used in) financing activities (C)	**98,454,587**	(32,418,146)
D.	**Net Decrease in cash and cash equivalents (A+B+C)**	**(21,487,641)**	(4,216,051)
E.	**Cash and cash equivalents at the beginning of the year**	**85,805,308**	90,021,359
F.	**Closing cash and cash equivalents (D+E)**	**64,317,667**	85,805,308

Notes :

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

b) Cash and cash equivalents include:

Cash in hand	**24,591,744**	8,534,778
Cheques and drafts in hand	**2,631,078**	2,240,632
Credit cards receivable	**10,207,511**	7,305,728
Balances with banks	**24,366,756**	66,303,266
Unpaid dividend accounts	**2,520,578**	1,420,904
	64,317,667	85,805,308
Excluding the following:		
- Deposits with maturity more than three months but less than twelve months *	**58,500,886**	44,688,943
- Deposits with more than twelve months maturity	**1,294,805**	385,000
	124,113,358	130,879,251
Less : Amounts disclosed as other non-current assets (refer note 15)	**(1,294,805)**	(385,000)
Cash and bank balances	**122,818,553**	130,494,251

* placed as fixed deposits with banks for repayment of deposits as required under section 73 of the Companies Act, 2013 (corresponding to section 58A of the Companies Act, 1956) and margin money for working capital and term loans.

c) Negative figures have been shown in brackets.

d) Cash and cash equivalents include Rs 2,520,578 (previous year Rs 1,420,904) held in dividend accounts which is not available for use by the Company.

Notes 1 to 51 form an integral part of these Consolidated financial statements

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

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

Per **Lalit Kumar**
Partner

Place: Chandigarh
Date: 30 May 2016

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

Yashovardhan Saboo
Chief Executive Officer & Vice Chairman
(DIN: 00012158)

Anil Khanna
Director
(DIN: 00012232)

Sanjeev Masown
Chief Financial Officer

Raman Sood
Company Secretary
(Membership No. F3722)

Place: Chandigarh
Date: 30 May 2016

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

1. Significant accounting policies

a) Principles of Consolidation

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

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

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

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

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

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

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

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

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

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

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

b) Basis of preparation

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

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

c) Use of estimates

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

d) Revenue recognition

a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty, net of trade discounts, sales return and sales tax wherever applicable.

b) Commission from sale of goods, received on consignment basis, is recognised on accrual basis.

c) Export entitlements under the Duty Entitlement Pass Book scheme are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

d) Revenue in respect of tool development and job charges is recognised as per the terms of the contract with the customers.

e) Interest income is recognized on a time proportion basis, taking into account the amount outstanding and the rates applicable.

f) Dividend income is recognized when the Company's right to receive the same is established.

e) Fixed assets

Tangible assets

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

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

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

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

Intangible assets

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

f) Depreciation and amortization

Pursuant to the notification in Part II of Schedule II to the Companies Act, 2013, effective from 1 April 2014, the management has reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for year ended 31March 2016 is provided on straight line method based on life prescribed as per Schedule II of the Companies Act, 2013.

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

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

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

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

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

Software is amortised over a period not exceeding six years.

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

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

g) Inventories

Inventories are valued as follows:

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

h) Investments

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

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

i) Employee Stock Option Scheme (ESOS)

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

j) Foreign currency transactions

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

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

a) All assets and liabilities, both monetary and non-monetary are translated using the closing rate.

b) Revenue items are translated at the respective monthly average rates.

c) The resulting net exchange difference is credited or debited to a foreign currency translation reserve.

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

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

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

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

k) Employee benefits

Short term employee benefits

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

Post-employmentbenefits

a) Defined contribution plan

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

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

b) Defined benefit plan

Gratuity is a post-employment defined benefit plan. The present value of obligation for gratuity is determined based on actuarial valuation using the Projected Unit Credit Method, less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Gratuity and superannuation funds are administered by trustees of independently constituted trusts.

Other long term liability

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

Actuarial gains/losses

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

l) Taxes on income

Tax expense comprises current tax and deferred income tax.

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

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

Minimum Alternate tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

m) Earnings per share

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

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

n) Club Echo points

Club echo points accrued to the customer as a part of the loyalty programme, is provided for based on management's past experience.

o) Leases

Lease rentals in respect of assets taken under an operating lease are charged to the statement of profit and loss on accrual basis.

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

p) Contingent liabilities and provisions

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

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

q) Impairment of assets

The carrying values of assets / cash generating units are reviewed for impairment at each Balance Sheet date in accordance with Accounting Standard- As 28 'Impairment of Assets' to determine whether there is any indication of impairment by the management of the Group. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

r) Cash and cash equivalents

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

s) Segment reporting policies

The accounting policies adopted for segment reporting are in line with those of the Group with the following additional policies for segment reporting:

a) Inter segment revenues have been accounted for based on the transaction price agreed to between segments at estimated cost of the transferor segment.

b) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

c) Revenues and expenses, which relate to the group as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses". Unallocated corporate expense also includes taxes and finance charges and other unallocable corporate expenses.

d) Assets and liabilities, which relate to the group as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated corporate assets and liabilities respectively.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016		As at 31 March 2015	
2. Share capital				
	Number	**Amount**	**Number**	**Amount**
a) Authorised share capital				
Equity shares of Rs 10 each	**12,480,000**	**124,800,000**	12,480,000	124,800,000
b) Issued, subscribed and fully paid up				
(i) Issued	**10,259,150**	**102,591,500**	9,250,750	92,507,500
(ii) Subscribed and fully paid up	**10,084,870**	**100,848,700**	9,076,470	90,764,700
(iii) Shares forfeited	**174,280**	**871,400**	174,280	871,400
	10,259,150	**101,720,100**	9,250,750	91,636,100

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

b. Reconciliation of equity share capital

	As at 31 March 2016		As at 31 March 2015	
	Number	**Amount**	**Number**	**Amount**
Equity share capital of Rs 10 each fully paid up				
Balance at the beginning of the year	**9,076,470**	**90,764,700**	9,036,720	90,367,200
Add: Shares issued pursuant to exercise of employee stock option scheme	**-**	**-**	39,750	397,500
Add: Shares issued during the year	**1,008,400**	**10,084,000**	-	-
Balance at the end of the year	**10,084,870**	**100,848,700**	9,076,470	90,764,700

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

c. Shareholders holding more than 5% of equity share capital

	Number	Percentage	Number	Percentage
R. K. Saboo	**2,058,460**	**20.41%**	2,054,560	22.64%
Yashovardhan Saboo	**1,509,530**	**14.97%**	1,505,630	16.59%
Saif India V FII Holdings Limited	**1,008,400**	**10.00%**	-	-

d. Shares reserved for issue under options and other commitments

As on 31 March 2016, 24,750 (previous year : 39,750) equity shares have been reserved for issue under the employee stock plan of the Company (Refer note 42).

e. Utilization of proceeds received pursuant to issue of shares

During the current year, the Company has issued 1,008,400 equity shares of Rs 10 each on account of private placement of equity shares issued at Rs 297.50 each (including securities premium of Rs 287.50 each). Consequent to the said allotment, the Company received Rs 299,999,000 which have been utilised as follows:

Particulars	Amounts (Rs)
Writing off the expenses and commission paid for the issue of shares	15,083,603
Repayment of public deposits and inter corporate deposits	59,825,205
Investment in subsidiary Company	20,475,000
Capital expenditure	15,000,000
Working capital requirements	189,615,192
Total	**299,999,000**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

f. Shares issued for consideration other than cash and buy-back of shares

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

	As at 31 March 2016	As at 31 March 2015
3. Reserves and surplus		
Central investment subsidy	**2,500,000**	2,500,000
State investment subsidy	**3,000,000**	3,000,000
Profit on re-issue of forfeited shares	**9,125**	9,125
Profit on forfeiture of zero coupon convertible warrants	**1,025**	1,025
Capital reserve		
Balance at the beginning of the year	**7,073,451**	7,073,617
Add: Additions made during the year (refer note 37)	**2,805,030**	-
Less: Amount transferred to minority interest	**(7,222,147)**	(166)
Balance at the end of the year	**2,656,334**	7,073,451
Securities premium reserve		
Balance at the beginning of the year	**301,510,261**	294,400,251
Add: Additions during the year	**320,649,600**	7,647,675
Less: Utilised for writing off the expenses and commission paid for the issue of shares during the year	**(15,083,603)**	-
Less: Amount transferred to minority interest	**(22,728,013)**	(537,665)
Balance at the end of the year	**584,348,245**	301,510,261
Employee stock option outstanding		
At the commencement of the year	**552,525**	1,167,600
Less: Options exercised during the year	**-**	(552,525)
Less: Options expired during the year	**(208,287)**	(62,550)
Employee stock option at the end of the year (i)	**344,238**	552,525
Deferred employee stock option expense		
At the commencement of the year	**125,123**	264,410
Less: Amortisation and other movements during the year *	**(125,123)**	(139,287)
At the end of the year (ii)	**-**	125,123
(i)-(ii)	**344,238**	427,402
* Employee stock option recognised in statement of profit and loss during the year [Also refer note 21 & 26]	**(83,164)**	76,737
Foreign currency translation reserve		
As per last balance sheet	**(10,321,165)**	(15,134,114)
Add: Adjustment during the year (also refer note 37)	**(5,527,733)**	4,812,949
Balance at the end of the year	**(15,848,898)**	(10,321,165)
General reserve		
Balance at the beginning of the year	**154,952,889**	124,952,889
Add: Transferred from statement of profit and loss	**20,000,000**	30,000,000
Add: Adjustment for earlier years	**2,666,730**	-
Balance at the end of the year	**177,619,619**	154,952,889

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016		As at 31 March 2015
Deficit in the statement of profit and loss			
Balance at the beginning of the year	**(49,172,393)**		(40,876,906)
Add: Transferred from statement of profit and loss	**53,054,234**		86,477,930
Less: Tranfer to minority interest out of reserves	**3,863,213**		(124,247)
Add: Excess provision for dividend on cumulative preference shares reversed	**8,262,740**		-
Less: Depreciation adjustment from reserves (refer note 12)		(27,086,981)	
Less: Deferred tax impact of depreciation adjusted from reserves (refer note 12)		9,315,123	(17,771,858)
Less: Adjustment for earlier years	**(2,666,727)**		-
Less: Appropriations	**-**		
Dividend on cumulative preference shares (refer note 45)	**(24,239,185)**		(25,007,617)
Interim dividend on equity shares	**(15,127,997)**		-
Tax on interim dividend on equity shares	**(3,079,567)**		-
Proposed dividend on equity shares	**-**		(18,152,940)
Tax on proposed dividend	**-**		(3,716,755)
Transfer to general reserve	**(20,000,000)**		(30,000,000)
Balance at the end of the year	**(49,105,681)**		(49,172,393)
Revaluation reserve			
As per last balance sheet	**13,705,812**		13,705,812
Less: Transferred to minority interest	**(1,978,287)**		-
Balance at the end of the year	**11,727,525**		13,705,812
	717,251,532		**423,686,407**

4. Long-term borrowings

Secured		
Term loans		
- from banks	**155,506,303**	246,637,160
- from others	**104,944,032**	56,752,271
Vehicle loan from banks	**6,275,341**	12,215,816
Unsecured		
Public deposit		
- from related parties (refer Note 41)	**2,900,000**	3,900,000
- from others	**143,178,000**	99,383,000
Inter corporate deposits		
- from related party (refer Note 41)	**29,999,940**	29,299,940
- from others	**50,000,000**	20,000,000
Loans		
- from related parties (refer Note 41)	**7,000,000**	-
- from others	**-**	37,394,599
	499,803,616	505,582,786

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
Less: Current maturities of long term borrowings (refer note 10)		
Secured		
Term loans		
- from banks	**74,929,013**	84,389,521
- from others	**10,248,673**	6,058,234
Vehicle loan from banks	**2,608,871**	4,732,281
Unsecured		
Public deposit		
- from related parties (refer Note 41)	**400,000**	1,800,000
- from others	**41,128,000**	35,554,000
Inter corporate deposits		
- from related party (refer Note 41)	**-**	9,300,000
- from others	**40,000,000**	-
	169,314,557	141,834,036
	330,489,059	363,748,750

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

Term loans from banks amounting to Rs 155,506,303 (previous year Rs 246,637,160) are secured as under:

– Term loans from Bank of India amounting to Rs 55,231,759 (previous year Rs 78,373,720) carrying interest rate of 3.20% and 2.95% over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of the Company excluding the fixed assets installed at packaging division at Chandigarh (KPAC), hands division at Bengaluru (KHAN-2), and the plant and machinery and furniture and fixtures of dials division at Parwanoo (TTPA) acquired before 31 March 2005 and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The term loan is further secured by way of first pari passu mortgage charge on land and building of dials division at Derabassi (KDER). The loan includes construction loan for dials unit at Parwanoo (TTPA) which is secured by first pari passu charge on land and building of TTPA. The term loans are also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company.

- Term loans from IDBI Bank Limited amounting to Rs 12,110,411 (previous year Rs 3,780,000) carrying interest rate of 2.5% over the bank base rate and Corporate loan amounting to Rs 24,996,000 (previous year Rs 39,284,000) carrying interest rate of 3% over the bank base rate are secured by way of first pari passu charge on all the plant and machinery and furniture and fixtures of KDER, tool room division at Bengaluru (EIGEN) and hands division at Bengaluru (KHAN-1) and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The term loan is further secured by way of first pari passu mortgage charge on land and building of KDER. The term loans are also personally guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company.

– Term loan from Corporation Bank amounting to Rs 23,089,207 (previous year Rs 40,201,267) carrying interest rate of 5.5% over the bank base rate, are secured by way of first exclusive charge on all the plant and machinery and furniture and fixtures of KHAN-2 and second charge on all the current assets (save and except the book debts) subject to the first charge in favour of the Company's bankers for securing the working capital limits. The loan is further secured by exclusive mortgage charge on land and building of KHAN-1.

– Term loans from The Jammu & Kashmir Bank Limited taken by subsidiary, Ethos Limited amounting to Rs 12,816,981 (previous year Rs 32,380,614), carrying interest rate of 12.25% p.a. are secured by first charge on entire fixed assets, both present and future, of the subsidiary. These limits are also secured by first charge on fixed assets of KPAC unit at Chandigarh of Parent Company. This is further secured by the first and exclusive charge over land and building, plant and machinery and office equipment of the Parwanoo unit of Parent Company, excluding the assets purchased after 1 April 2005. These loans are also guaranteed by the Parent Company and the director of the subsidiary.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

- Term loan taken by subsidiary, Pylania SA include loan taken from Bank of India amounting to Rs 18,306,600 (previous year Rs 43,473,032) is carrying interest rate of 12 months Euribor plus 3.45%. The loan is secured against bank guarantee given by the Parent Company.
- Bank mortage taken by subsidiary, Pylania SA amounting to Rs 8,955,345 (previous year Rs 9,144,528) carrying interest rate of 5.75% is secured against land and building situated in Pylania SA.

Repayment terms of term loans from banks (including the current maturities of long - term debt) re given as under:

- Term loan from Bank of India amounting to Rs 8,922,325 is repayable in 2 equal quarterly instalments of Rs 3,125,000 each and last instalment of Rs 2,672,325 commencing from 30 April 2016. The last instalment would be due on 31 October 2016.
- Term loan from Bank of India amounting to Rs 11,941,754 is repayable in 6 equal quarterly instalments of Rs 1,718,750 each and last instalment of Rs 1,629,254 commencing from 30 June 2016. The last instalment would be due on 31 December 2017.
- Term loan from Bank of India amounting to Rs 26,129,248 is repayable in 13 equal quarterly instalments of Rs 1,875,000 each and last instalment of Rs 1,754,248 commencing from 30 June 2016. The last instalment would be due on 30 September 2019.
- Term loan from Bank of India amounting to Rs 8,238,432 is repayable in 6 equal quarterly instalments of Rs 1,250,000 each and last instalment of Rs 738,432 commencing from 30 April 2016. The last instalment would be due on 31 October 2017.
- Corporate Loan from IDBI Bank Limited amounting to Rs 24,996,000 is repayable in 6 equal quarterly instalments of Rs 3,572,000 each and last instalment of Rs 35,64,000 commencing from 30 June 2016. The last instalment would be due on 31 December 2017.
- Corporate Loan from IDBI Bank Limited amounting to Rs 12,110,411 (sanctioned term loan amounting to Rs 45,000,000) is repayable in 16 equal quarterly instalments of Rs 2,812,500 commencing from 31 August 2016. The last instalment would be due on 31 May 2020.
- Term loan from Corporation Bank amounting to Rs 5,089,207 is repayable in 1 quarterly instalments of Rs 2,778,000 and last instalment of Rs 2,311,207 commencing from 30 June 2016. The last instalment would be due on 30 September 2016.
- Term loan from Corporation Bank amounting to Rs 18,000,000 is repayable in 12 equal quarterly instalments of Rs 1,500,000 commencing from 30 June 2016. The last instalment would be due on 31 March 2019.

  Term loan from The Jammu & Kashmir Bank Limited amounting to Rs 12,816,981 is repayable in 7 monthly installments of Rs. 1,583,000 each and last instalment of Rs 1,735,981 commencing from 11 April 2016. The last instalment would be repaid on 11 November 2016.
- Term Loan taken from Bank of India amounting to Rs 18,306,600 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 8,955,345 is repayable in 46 quarterly instalments of Rs. 190,539 and last instalment of Rs 190,551.

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

Term loans from others amounting to Rs 104,944,032 (previous year Rs 56,752,271) are secured as under:

- Term loan from Intec Capital limited amounting to Rs 8,423,685 (previous year Rs 10,160,134) carrying fixed interest rate of 11.75% is secured by way of hypothecation of the specific asset purchased out of proceeds of the loan. The loan is also personally guaranteed of Chairman and Chief Executive Officer (CEO) of the Company.
- Term loan from Tata Capital Financial Services Limited amounting to Rs 54,250,000 (previous year Nil) carrying interest rate equal to long-term lending rates (LTLR) less 7% (presently 11.25%) is secured by way of exclusive first charge over the project immovable and movable fixed assets of Eigen III, situated at plot no. 55-A (Aerospace sector) Hitech, Devanahalli, Banglore. The loan is also personally guaranteed by Chief Executive Officer (CEO) of the Company.
- Secured loans from others (Indiabulls Housing Finance Limited) taken by subsidiary, Ethos Limited amounting to Rs 42,270,347 (previous year Rs 46,592,136), carrying interest rate of 12.75% p.a. are secured by exclusive mortgage and charge on personal property of the director and relatives of the director of the subsidiary. These limits are also guaranteed by the Parent Company, director of the subsidiary and relatives of the director.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

Terms of repayment

- Term loan from Intec Capital Limited amounting to Rs. 8,423,685 is to be repaid in 44 monthly instalments as per the repayment schedule in equated annual instalments commencing from 1 April 2016. The last instalment would be due on 1 November 2019.
- Term loan from Tata Capital Financial Services Limited amounting to Rs 54,250,000 is to be repaid in 48 monthly instalments as per the repayment schedule in equated annual instalments commencing from 25 January 2017. The last instalment would be due on 25 December 2020.
- Term loans from Indiabulls Housing Finance Limited amounting to Rs 42,270,347 is repayable in 106 monthly installments of Rs 375,000 each, 13 monthly installments of Rs 138,890 each and last instalment of Rs 490,000 and Rs 224,777 as per the repayment schedule.

c. Details of security and terms of repayment of vehicle loans:

Vehicle loans from banks carrying interest rate in the range of 9.51% per annum to 12.70% per annum are secured against hypothecation of specific vehcile purchased out of the proceeds of those loans. The loans are to be repaid as per the respective repayment schedule in equated monthly installments.

d. Public deposits 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 deposit taken by subsidiary, Mahen Distribution Limited from related parties amounting to Rs 15,000,000 (previous year Nil) carrying interest rate of 16% p.a. is repayable within two years.

f. Inter corporate deposits taken by subsidiary, Ethos Limited from related parties amounting to Rs 14,999,940 (previous year Rs 4,999,940) carry an interest rate ranging between 14% to 16% per annum and are repayable after 12 months.

g. Inter corporate deposits taken by Parent company from related parties amounting to Rs Nil (previous year Rs 15,000,000) carrying interest rate of 16% p.a. was due for repayment in May 20, 2016. However, such deposit has been re-paid in the current year.

h. Inter corporate deposits taken by Parent company from related parties amounting to Rs Nil (previous year Rs 9,300,000) carrying interest rate of 14% per annum were due for repayment in June 2015.

i. Inter corporate deposits taken by subsidiary, Ethos Limited from others amounting to Rs 50,000,000 (previous year Rs 20,000,000) carry an interest rate ranging between 14% to 17% per annum and the same are repayable as per the repayment schedule within next two years.

j. Unsecured loans taken by subsidiary, Ethos Limited from related parties amounting to Rs 7,000,000 (previous year Rs Nil) carry an interest rate of 12.5% per annum and is repayable after 12 months.

k. Unsecured loan taken by subsidiary, Pylania SA from others include subordinated loans taken from shareholders amounting to Rs Nil (previous year Rs 37,394,599) is interest free. Subordinated loans taken from shareholders are to be repaid at the time of repayment to equity shareholders.

	As at 31 March 2016	As at 31 March 2015
5. Deferred tax liabilities (net)		
Deferred tax liability		
Timing difference on depreciation and amortisation of tangible and intangible assets	**57,728,272**	48,923,955
Deferred tax assets		
Provision for bad and doubtful debts	**314,440**	3,050,232
Provision for warranties	**380,500**	-
Provision for employee benefits	**11,493,777**	13,227,795
Provision for bonus	**5,209,057**	2,858,571
Provision for expenses	**-**	820,461
Deferred lease rent payable	**9,725,834**	895,005
	30,604,664	28,071,891
Amount recognised in the statement of profit and loss	**2,532,765**	(5,117,789)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
6. Other long-term liabilities		
Deferred payment liability due to lease straightlining [Also refer note 29 (a) and note 30]	**28,102,850**	18,396,885
	28,102,850	18,396,885
7. Long-term provisions		
Provision for employee benefits [Also refer note 7 (a)]	**35,064,839**	32,654,571
Provision for warranty [Also refer note 7 (b) and note 29]	**884,741**	573,164
	35,949,580	33,227,735

7 (a) Provision for employee benefits

(i) Defined Contribution Plan: Expenditure on account of Superannuation Scheme with LIC of India in respect of its employee provided in the statement of profit and loss	**8,935,100**	7,937,692

(ii) Defined benefit plan/other long-term benefit plans

a. Gratuity

b. Compensated absences

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

	As at 31 March 2016		As at 31 March 2015	
Particulars	**Compensated absences**	**Gratuity**	**Compensated absences**	**Gratuity**
Actuarial assumptions				
Discount rate	**8%**	**8%**	8%	8%
Rate of increase in compensation levels	**5%**	**5%**	5%	5%
Rate of return of plan assets				
– Holding company	-	**8%**	-	8%
– Subsidiary company	-	**9%**	-	9%
Demographic assumptions				
Mortality rate				
– Holding company	**Indian assured lives mortality (1994-96)**	**Indian assured lives mortality (1994-96) Ultimate**	**Indian assured lives mortality (1994-96)**	**Indian assured lives mortality (1994-96) Ultimate**
– Subsidiary company	**Indian assured lives mortality (2006-08)**	**Indian assured lives mortality (2006-08)**	**Indian assured lives mortality (2006-08)**	**Indian assured lives mortality (2006-08)**
Retirement age	**58**	**58**	58	58
Withdrawal rates				
- upto 30 years	**3%**	**3%**	3%	3%
- upto 44 years	**2%**	**2%**	2%	2%
- above 44 years	**1%**	**1%**	1%	1%
Change in the present value of obligation:		**Gratuity**		**Gratuity**
Present value of obligation as at the beginning of the year		**47,663,632**		40,373,446
Interest cost		**3,805,236**		3,228,498

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
Current service cost	**4,691,387**	4,600,963
Benefits paid/payable	**(5,691,817)**	(2,102,286)
Actuarial loss/(gain) on obligations	**2,418,771**	1,563,011
Present value of obligation as at the end of the year	**52,887,209**	47,663,632
Change in the fair value of plan assets:		
Fair value of plan assets at the beginning of the year	**27,107,776**	19,830,621
Expected return on plan assets	**2,307,818**	1,720,787
Contributions	**10,121,388**	7,694,760
Benefits paid	**(5,691,817)**	(2,102,286)
Actuarial gain on plan assets	**(100,242)**	(36,106)
Fair value of plan assets at the end of the year	**33,744,923**	27,107,776
Reconciliation of present value of defined benefit obligation and the fair value of assets:		
Present value of funded obligation as at the end of the year	**52,887,209**	47,663,632
Fair value of plan assets as at the end of the period funded status	**33,744,923**	27,107,776
Unfunded net liability recognized in balance sheet*	**19,142,286**	20,555,856
* includes short term provision of Rs 3,278,623 (previous year Rs 3,455,659)		
Expenses recognized in the statement of profit and loss:		
Current service cost	**4,691,387**	4,600,963
Interest cost	**3,805,236**	3,228,498
Expected return on plan assets	**1,551,678**	1,112,579
Net actuarial loss recognized in the year	**2,519,013**	1,599,117
Total expenses recognized in the statement of profit and loss	**9,463,958**	8,315,999

Notes :

1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
2) The expected return is based on the expectation of the average long term rate of return on investments of the fund during the estimated terms of obligations.
3) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
4) Plan assets mainly comprise funds managed by the insurer i.e. Life Insurance Corporation of India ('LIC').
5) For Gratuity, the Company makes annual contributions to the LIC of an amount advised by the LIC.

Amounts for the current and previous years are as follows:

Gratuity	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Defined benefit obligation	52,887,209	47,663,632	40,373,446	31,750,793	27,807,157
Plan assets	33,744,923	27,107,776	19,830,621	13,174,064	14,081,176
Net liability	**19,142,286**	**20,555,856**	**20,542,825**	**18,576,729**	**13,725,981**
Experience adjustment arising on the gratuity benefits	**2,418,771**	**1,563,011**	**4,906,345**	**3,396,074**	**4,083,595**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
7 (b) Reconciliation of provision for warranty		
Provision at the beginning of the year	**1,106,200**	214,715
Less: Provision utilized during the year	**533,036**	-
Add: Provision recognised during the year	**526,292**	891,485
Provision at the end of the year*	**1,099,456**	1,106,200

* includes short-term provision of Rs 214,715 (previous year Rs 533,036)

8. Short-term borrowings		
Secured [Also refer note 8 (a) below]		
Working capital borrowings from banks	**571,362,513**	602,219,660
Buyers credit	**59,825,158**	99,901,559
Unsecured		
Public deposits	**10,401,000**	6,344,000
Loan from others	**40,000,000**	-
	681,588,671	708,465,219

a. Details of security of short-term secured loans

- Working capital borrowings of Parent Company amounting to Rs 109,257,143 carrying interest rate varying from 11.10% to 14.35% are secured by hypothecation of stocks of stores and spares, raw materials and components, finished goods and stock-in-process and book debts and other assets of the Parent Company (both present and future), on pari passu basis except packaging unit (KPAC) and are further secured by a second charge on the entire fixed assets of the Parent Company. These loans are also guaranteed by the Chairman and Chief Executive Officer (CEO) of the Parent Company (except Corporation Bank) and are repayable on demand.
- The cash credit overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs 168,095,724 and buyers' credit amounting to Rs 38,504,562 from IDBI Bank Limited are repayable on demand and are secured by first parri passu charge on all the current assets of the subsidiary both present and future and second parri passu charge on the fixed assets of the subsidiary both present and future. These limits are also secured by exclusive mortgage and charge on all the immovable fixed assets of the tool room unit (Eigen) at Bangalore of the Parent Company. These limits are guaranteed by the Parent Company and personal guarantees of director of the subsidiary and his relative. The rate of interest as on 31 March 2016 is 13.00% per annum.
- The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs 87,614,275 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. These limits are also secured by exclusive first charge on assets of KPAC unit at Chandigarh of the Parent Company. This is further secured by the first and exclusive charge over land and building, plant and machinery and office equipment of the Parwanoo unit of the Parent Company. These loans are also guaranteed by the Parent Company and personal guarantees of the director of the subsidiary and his relative. The rate of Interest as on 31 March 2016 is 12.25% per annum.
- The cash credit and overdraft facilities taken by subsidiary company, Ethos Limited amounting to Rs 206,395,371 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 2016 is 13.20% per annum.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

- Buyers credit taken by Parent Company from Corporation Bank amounting to Rs 13,613,556 carrying interest rate varying 6 month libor plus 1.17% to 6 month libor plus 1.59% is secured against hypothecation of inventory and receivables and is repayable on demand.
- Buyers credit taken by Parent Company from IDBI Bank Limited amounting to Rs 7,707,040 carrying interest rate varying 6 month libor plus 1.03% to 6 month libor plus 1.62% is secured against hypothecation of inventory and receivables and is repayable on demand.

	As at 31 March 2016	As at 31 March 2015
9. Trade payables		
Dues to micro and small enterprises [Also refer note (a) below]	**4,507,070**	2,158,398
Due to related parties (refer Note 41)	**13,909,585**	7,319,933
Dues to others	**759,319,556**	839,373,239
	777,736,211	848,851,570

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

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

Principal amount remaining unpaid	**4,430,377**	2,125,279
Interest due thereon	**43,574**	33,119
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	**-**	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	**-**	-
Interest accrued and remaining unpaid as at end of the year	**76,693**	33,119
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	**-**	-

10. Other current liabilities		
Current maturities of long-term debts:		
Public deposits		
- from related party (refer Note 4 and 41)	**400,000**	1,800,000
- from others	**41,128,000**	35,554,000
Inter corporate deposits		
- from related party (refer Note 4 and 41)	**-**	9,300,000
- from others	**40,000,000**	-
Term loan (refer note 4)		
- from banks	**74,929,013**	84,389,521
- from others	**10,248,673**	6,058,234
Vehicle loan from banks	**2,608,871**	4,732,281
External commercial borrowings* (includes Rs 926,750 (previous year Rs 831,055) on account of exchange rate fluctuation)	**2,401,930**	2,306,435
Current maturities of hire purchase finance	**-**	4,269,590

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
Interest accrued but not due on borrowings**	**16,217,122**	13,232,446
Unpaid dividend in Investor Education and Protection Fund***	**2,520,578**	1,420,904
Other payables		
Statutory dues	**46,059,154**	40,622,709
Creditors for capital expenditure	**7,486,981**	4,576,186
Advances from customers	**25,706,602**	18,382,965
Forward contract payable	**1,656,455**	475,594
Employee related payables	**68,731,369**	72,431,599
Other liabilities****	**-**	1,803,665
	340,094,748	301,356,129

* External commercial borrowing taken by joint venture company (JV), Satva Jewellery & Design Limited amounting to Rs 2,401,930 (previous year Rs 2,306,435) is carrying interest rate of 2% above LIBOR.

** due to related parties (Also refer note 41)

*** Not due for deposit

**** due to related parties (refer note 41)

11. Short-term provisions

Provision for employees benefits [Also refer note 7 (a)]	**19,934,187**	11,718,172
Provision for income tax [Net of advance tax and taxes deducted at source Rs 31,873,832 (previous year Rs 32,523,442)]	**5,421,201**	14,441,887
Others		
Provision for wealth tax	**-**	100,000
Proposed dividend*	**-**	18,152,940
Tax on proposed dividend	**-**	3,716,755
Echo club provision (refer note 36)	**9,059,868**	8,264,277
Provision for warranty [Also refer note 7 (b) and note 29]	**214,715**	533,036
	34,629,971	56,927,067

* The Board of Directors of parent company have declared a dividend @ Nil (previous year 20%) amounting to Rs Nil (previous year Rs 2) per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes forming part of the financial statements for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

12. Fixed assets

For the year ended 31 March 2016

	Gross block				Depreciation/amortisation					Net block	
	As at 1 April 2015	Additions	Disposals	As at 31 March 2016	Up to 1 April 2015	Charge for the year	Adjustments (Net)	Translation adjustment	Upto 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangibles											
Land											
- Leasehold	792,659	-	-	792,659	-	-	-	-	-	792,659	792,659
- Freehold	12,041,431	53,927,005	-	65,968,436	(1,419,400)	61,187	-	(324,000)	(1,682,213)	67,650,649	13,460,831
Buildings	188,101,002	-	-	188,101,002	59,443,931	6,467,284	-	(2,416,514)	63,494,701	124,606,301	128,657,071
Leasehold improvements	109,456,795	16,749,310	10,697,256	115,508,849	59,924,622	19,975,882	7,574,614	-	72,325,890	43,182,959	49,532,173
Plant and machinery	941,048,145	72,477,909	16,304,754	997,221,300	518,829,549	56,906,132	13,596,012	(1,370,925)	560,768,744	436,452,556	422,218,596
Furniture and Fixtures	161,677,581	16,944,152	6,036,977	172,584,756	86,268,833	14,681,579	3,919,229	(84,093)	96,947,090	75,637,666	75,408,747
Office equipment	21,195,886	5,976,404	1,452,737	25,719,553	14,387,605	3,699,968	960,088	-	17,127,485	8,592,068	6,808,280
Vehicles	46,548,844	1,014,721	5,913,257	41,650,308	20,274,049	4,620,340	1,835,898	(29,160)	23,029,331	18,620,977	26,274,795
Total (A)	**1,480,862,343**	**167,089,501**	**40,404,981**	**1,607,546,863**	**757,709,188**	**106,412,372**	**27,885,841**	**(4,224,692)**	**832,011,028**	**775,535,835**	**723,153,154**
Intangibles											
ERP software	41,587,327	2,391,334	106,454	43,872,207	25,230,306	5,224,322	86,662	-	30,367,966	13,504,241	16,357,021
Goodwill	4,947,500	-	-	4,947,500	4,947,500	-	-	-	4,947,500	-	-
Know how	15,642,364	-	-	15,642,364	14,853,753	372,518	-	-	15,226,271	416,093	788,611
Web portal	7,298,571	-	-	7,298,571	4,195,858	1,799,643	-	-	5,995,501	1,303,070	3,102,713
Total (B)	**69,475,762**	**2,391,334**	**106,454**	**71,760,642**	**49,227,417**	**7,396,483**	**86,662**	**-**	**56,537,238**	**15,223,404**	**20,248,345**
TOTAL (A)+(B)	**1,550,338,105**	**169,480,835**	**40,511,435**	**1,679,307,505**	**806,936,605**	**113,808,855**	**27,972,503**	**(4,224,692)**	**888,548,266**	**790,759,239**	**743,401,499**
Capital work-in-progress										**29,524,034**	**25,184,835**

For the year ended 31 March 2015

	Gross block				Depreciation						Net block	
	As at 1 April 2014	Additions	Disposals	As at 31 March 2015	Up to 1 April 2014	Charge for the year	Adjustments (Net)	Translation adjustment	Retained Eearnings	Up to 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangibles												
Land												
- Leasehold	792,659	-	-	792,659	-	-	-	-		-	792,659	792,659
- Freehold	12,041,431	-	-	12,041,431	(1,665,800)	-	-	246,400	-	(1,419,400)	13,460,831	13,707,231
Buildings	187,766,252	334,750	-	188,101,002	46,750,986	6,560,688	-	1,934,419	4,197,838	59,443,931	128,657,071	141,015,266
Leasehold improvements	87,000,738	26,520,464	4,064,407	109,456,795	41,351,115	20,125,427	1,551,921	-	-	59,924,622	49,532,173	45,649,623
Plant and machinery	896,570,482	50,273,317	5,795,654	941,048,145	443,687,551	60,241,435	4,332,711	1,183,798	18,049,476	518,829,549	422,218,596	452,882,931
Furniture and fixtures	152,344,829	10,925,869	1,593,117	161,677,581	70,284,142	15,806,922	1,390,423	36,776	1,531,416	86,268,833	75,408,747	82,060,687
Office Equipment	17,948,584	3,281,302	34,000	21,195,886	7,996,734	3,088,502	5,883	-	3,308,253	14,387,605	6,808,280	9,951,850
Vehicles	42,430,003	5,746,764	1,627,922	46,548,845	15,200,784	6,161,510	1,100,565	12,320	-	20,274,049	26,274,795	27,229,219
Total (A)	**1,396,894,978**	**97,082,465**	**13,115,101**	**1,480,862,343**	**623,605,512**	**111,984,485**	**8,381,503**	**3,413,711**	**27,086,981**	**757,709,188**	**723,153,154**	**773,289,465**
Intangibles												
ERP software	33,471,082	8,116,245	-	41,587,327	20,653,623	4,576,683	-	-	-	25,230,306	16,357,021	12,817,459
Goodwill	4,947,500	-	-	4,947,500	4,947,500	-	-			4,947,500	-	-
Know how	15,291,929	350,435	-	15,642,364	14,207,003	646,750	-	-	-	14,853,753	788,611	1,084,926
Web portal	7,298,571	-	-	7,298,571	2,396,215	1,799,643	-	-	-	4,195,858	3,102,713	4,902,356
Total (B)	**61,009,083**	**8,466,680**	**-**	**69,475,762**	**42,204,341**	**7,023,076**	**-**	**-**		**49,227,417**	**20,248,345**	**18,804,742**
TOTAL (A)+(B)	**1,457,904,061**	**105,549,145**	**13,115,101**	**1,550,338,105**	**665,809,853**	**119,007,561**	**8,381,503**	**3,413,711**	**27,086,981**	**806,936,605**	**743,401,499**	**792,094,206**
Capital work-in-progress											**25,184,835**	**8,516,507**

1. Depreciation during the year includes Rs 1,538,166 (Previous year Rs 862,223) charged on plant and machinery at EIGEN unit which was utilised for development of in-house tools. Accordingly, such amount has been capitalised under plant and machinery.
2. Pursuant to the enactment of Schedule II to Companies Act, 2013 being effective from 1 April 2014, the group has revised depreciation rate on fixed assets as per the useful life specified in part II of Schedule II to the Act and as per management 's estimate based on internal valuation. As a result of this change, the depreciation charged for the year ended 31 March 2015 is higher by Rs 21,015,384 and profit before tax would have been higher by such amount and net amount of Rs 17,771,858 (Gross amount Rs 27,086,981 and deferred tax impact Rs 9,315,123) has been adjusted in the opening reserves (refer note 3).
3. Based on the Company's experience, the existing models of tools used for manufacture of watch hands (at KHAN unit) become obsolete in 2 to 3 years and the tools manufactured exclusively to these models also become redundant. The Company's policy of 36 months of useful life is consistent with dynamics associated with the industry in which it is operating.
4. The borrowing cost capitalised under leasehold land during the year ended 31 March 2016 is Rs 897,304 (previous year Nil).
5. During the current year, expenses amounting Rs 2,041,430 (previous year Nil), comprising of rent, power, salary, water charges and freight expenses have been capitalized under plant and machinery being expenses eligible for capitalization.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
13. Non-current investments		
Trade investments		
(valued at cost unless stated otherwise, unquoted)		
Associates		
300,000 (previous year 300,000) equity shares of Rs 10 each fully paid up of Kamla Tesio Dials Limited	**3,000,000**	3,000,000
Add : Share in opening reserves	**(414,577)**	(377,172)
Add : Share in current year profit/(loss)	**128,872**	(37,405)
Aggregate value of trade investments (A)	**2,714,295**	2,585,423
Non trade investments		
(valued at cost unless stated otherwise, unquoted)		
500,000 (previous year 500,000) equity shares of Rs. 10 each fully paid up of Karolview Developers Private Limited	**5,000,000**	5,000,000
17,500 (previous year 17,500) equity shares of Rs. 10 each fully paid up of Shivalik Waste Management Limited	**175,000**	175,000
Aggregate value of non trade investments (B)	**5,175,000**	5,175,000
	7,889,295	7,760,423
Aggregate amount of unquoted investments	**7,889,295**	7,760,423
14. Long-term loans and advances		
(unsecured, considered good, unless otherwise stated)		
Capital advances		
Unsecured, considered good	**2,989,804**	7,558,223
Considered doubtful	**-**	200,000
	2,989,804	7,758,223
Less: Provision for doubtful advance	**-**	(200,000)
	2,989,804	7,558,223
Security deposits and other deposit	**113,460,828**	97,485,276
Prepaid income taxes [net of provision Rs 119,578,750 (previous year Rs 81,708,995)]	**60,491,886**	40,656,968
Other loans and advances		
Employee loans and advances	**4,638,633**	3,603,947
Claim receivable (refer note 34)	**17,000,000**	17,000,000
Balances with government and statutory authorities	**7,705,489**	7,126,900
Prepaid expenses	**749,223**	774,624
	207,035,863	174,205,938
15. Other non current assets		
Non-current bank balances (refer note 18)*	**1,294,805**	385,000
Insurance claim recoverable (refer note 49)	**6,878,189**	-
	8,172,994	385,000

* pledged as security for bank guarantees

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
16. Inventories		
(valued at lower of cost and net realisable value, unless otherwise stated)		
Raw material [including scrap of Rs 504,412 (previous year Rs Rs 355,790)]	**114,075,281**	124,196,838
Raw material (in transit)	**1,607,213**	6,112,762
Work-in-progress	**60,082,523**	49,914,003
Finished goods	**1,641,496,570**	1,449,434,497
Finished goods (in transit)	**5,715,924**	30,419,640
Stores and spares	**26,694,763**	26,884,904
	1,849,672,274	1,686,962,644
17. Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	**8,672,328**	41,229,991
Unsecured, Considered doubtful	**908,577**	8,883,193
	9,580,905	50,113,184
Less: Allowances for bad and doubtful debts	**908,577**	8,883,193
	8,672,328	41,229,991
Other debts		
Unsecured, considered good*	**249,914,541**	207,144,705
	258,586,869	248,374,696
* includes due from related parties [Also refer note 41]		
18. Cash and bank balances		
Cash and cash equivalents		
- Cash in hand	**24,591,744**	8,534,778
- Cheques and drafts in hand	**2,631,078**	2,240,632
- Credit cards receivable	**10,207,511**	7,305,728
- Balances with banks in current account	**24,366,756**	66,303,266
- Unpaid dividend account [refer note (a) below]	**2,520,578**	1,420,904
Total cash and cash equivalents	**64,317,667**	85,805,308
Other bank balances		
- Deposits with maturity more than three months but less than twelve months [refer note (b) below]	**58,500,886**	44,688,943
- Deposits with more than twelve months maturity [refer note (c) below]	**1,294,805**	385,000
	124,113,358	130,879,251
Less : Amounts dislcosed as other non-current assets (refer note 15)	**1,294,805**	385,000
	122,818,553	130,494,251

Notes:

a) Cash and cash equivalents include Rs 2,520,578 (previous year Rs 1,420,904) held in dividend accounts which is not available for use by the Company.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

b) Rs 50,721,525 (previous year Rs 44,688,943) has been placed as fixed deposits with banks for repayment of deposits as required under section 73 of the Companies Act, 2013 (corresponding to section 58A of the Companies Act, 1956), margin money for working capital and term loans and pledged as security for bank guarantees.

c) Rs 1,294,805 (previous year Rs 385,000) are pledged as security for bank guarantees.

	As at 31 March 2016	As at 31 March 2015
19. Short-term loans and advances		
(Unsecured, considered good, unless otherwise stated)		
Loans and advances to related parties		
Joint venture (secured) (refer note 41)	**5,197,100**	5,197,100
Recoverable from related parties		
Joint venture (refer note 41)	**391,530**	297,588
Entities in which significant influence is exercised (refer note 41)	**72,000**	245,734
Director of holding company (refer note 41)	**800,000**	1,200,000
Others		
Employees loans and advances	**24,419,124**	20,508,285
Security deposits	**41,957,973**	42,617,177
Advances recoverable	**2,175,886**	6,643,931
Prepaid expenses	**12,564,736**	12,422,422
Minimum alternate tax credit entitlement	**188,846**	188,846
Balances with government and statutory authorities	**34,459,554**	61,348,853
Advances to suppliers	**16,049,712**	13,411,380
	138,276,461	164,081,316
20. Other current assets		
Interest accrued on deposits	**2,578,207**	2,016,720
Unamortised premium on forward contracts	**797,146**	940,602
	3,375,353	2,957,322

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
21. Revenue from operations		
Sale of products	**4,433,251,888**	4,041,720,456
Sale of services	**46,420,519**	31,310,319
Other operating income		
Provisions no longer required, written back*	**13,914,168**	7,031,594
Export incentives	**21,274,313**	45,250,501
Micellaneous receipt	**26,090,806**	31,691,616
Commission income	**1,212,876**	59,150
	4,542,164,570	4,157,063,636

* Includes reversal of excess provision of employee stock options amounting to Rs 83,164.

22. Other income		
Interest income from		
Banks	**5,058,848**	3,488,608
Related party [Also refer note 41]	**300,000**	300,000
Others	**886,825**	1,085,735
Other non-operating income		
Rent	**784,006**	4,229,885
Profit on purchase of loan [refer note 37]	**32,991,656**	-
Other	**-**	835,922
Foreign exchange fluctuation gain (net)	**6,088,478**	10,036,434
Miscellaneous income	**152,984**	-
	46,262,797	19,976,584
23. Cost of materials consumed		
Raw material consumed		
Opening inventories	**123,841,048**	116,702,561
Add: Purchases during the year	**256,392,523**	309,346,184
Less: Closing inventories	**114,075,281**	123,841,048
	266,158,290	302,207,697
24. Purchases of traded goods		
Watches	**2,680,182,189**	2,415,925,917
	2,680,182,189	2,415,925,917

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
25. Changes in inventories		
Opening stock		
Finished goods		
- own manufactured	**13,560,992**	4,624,839
- traded	**1,466,293,145**	1,144,432,105
Work in process	**49,914,003**	55,777,818
Scrap	**355,790**	648,191
Closing stock		
Finished goods		
- own manufactured	**9,344,113**	13,560,992
- traded	**1,637,868,381**	1,466,293,145
Work in process	**60,082,523**	49,914,003
Scrap	**504,412**	355,790
Impact of excise duty on opening/closing stock	**593,952**	(581,737)
	(178,269,451)	(324,059,240)
26. Employment benefit expenses		
Salaries and wages	**506,380,764**	476,519,414
Contribution to provident and other funds	**35,409,087**	32,053,365
Staff welfare expenses	**28,502,314**	28,277,662
Employee stock option charge (refer note 42)	**-**	76,737
	570,292,165	536,927,178
27. Finance costs		
Interest expense	**142,828,411**	143,965,901
Other borrowing cost	**7,321,665**	9,405,284
	150,150,076	153,371,185
28. Depreciation and amortisation expense		
Depreciation [Also refer note 12]	**104,874,179**	112,927,018
Amortisation [Also refer note 12]	**7,396,483**	5,225,199
	112,270,662	118,152,217

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
29. Other expenses		
Stores and spares consumed	**61,768,294**	68,052,867
Power, fuel and water charges	**45,354,373**	45,748,811
Contractual labour expenses	**36,177,378**	41,457,637
Insurance	**5,295,858**	3,494,123
Rent		
- Office and factory premises [Also refer note (a) below]	**301,352,588**	264,235,918
- Machinery	**1,268,000**	1,286,300
- Others	**894,129**	1,085,395
Rates and taxes	**3,563,433**	4,342,788
Repair and maintenance		
- Plant and machinery	**16,531,461**	21,332,709
- Buildings	**5,207,462**	6,142,795
- Others	**21,908,852**	18,982,602
Legal and professional	**44,521,802**	35,217,774
Payment to auditors of Parent Company		
- Audit fee	**1,050,250**	825,000
- Tax audit fee	**100,000**	75,000
- Certification (including limited reviews)	**882,568**	463,711
- Out of pocket expenses	**123,370**	147,249
Fee and payment to auditors of other group companies	**3,014,871**	1,979,110
Travel and conveyance	**50,599,649**	51,723,682
Job charges	**36,362,750**	32,408,772
Printing and stationery	**4,880,209**	4,924,719
Postage, telephone and telex	**24,148,610**	21,535,985
Subscription and annual fees	**1,234,764**	1,203,829
Commission	**23,297,236**	33,603,085
Events and exhibitions	**7,438,843**	8,418,346
Publicity and advertisement	**87,397,453**	61,670,014
Loss on sale of fixed assets (net)	**1,010,239**	323,464
Fixed assets written off	**3,946,371**	3,329,696
Development charges	**1,205,794**	843,833
Provision for bad and doubtful debts	**959,219**	-
Donation	**450,000**	840,000
Bad debts and advances written off [out of provision for bad and doubtful debts and provision for bad and doubtful capital advances, Rs 9,064,304 debited to bad debts and advances written off (previous year Rs 2,126,825)]	**1,838,370**	1,652,497
Amortisation of premium on forward exchange contracts	**5,794,193**	2,470,373
Provision for warranty (refer note 7 and note 11)	**-**	358,449
Bank charges	**28,667,187**	24,075,507
Directors' sitting fees	**2,386,887**	1,587,631
Security service charges	**5,696,237**	5,033,416
Miscellaneous expenses	**22,791,190**	19,774,065
	859,119,890	790,647,152

Notes:

a) Rent - Office and factory premises include Rs 8,221,741 (previous year Rs 3,984,638) recognised on account of straight lining of lease rent over the lease term in accordance with the provision of Accounting Standard 19 'Accounting for leases'.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
30. Prior period items		
Interest income on income tax refund	**(561,154)**	-
Deferred lease rent [Also refer note 6 and note 29 (a)]	**1,484,225**	-
Provision for warranty [Also refer note 7 (b)]	**-**	533,036
Annual maintenance charges	**-**	410,855
	923,071	943,891

31. In compliance with Accounting Standard - 21 " Consolidated Financial Statements ", Accounting Standard - 23 " Accounting for Investments in Associates in Consolidated Financial Statements " and Accounting Standard - 27 "Financial Reporting of Interests in Joint Ventures" referred to in the Companies (Accounting Standard) Rule 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Section 133 of the Companies Act, 2013 (the 'Act'), KDDL Limited ('KDDL') has prepared the accompanying consolidated financial statements, which include the financial statements of KDDL, its subsidiary, joint venture and the results of operations of its associates listed below:

a) Detail of the subsidiaries are as under:

Name of subsidiary	Country of incorporation	Percentage of ownership
Ethos Limited	India	80.52% *
Mahen Distribution Limited	India	100%
Pylania SA	Switzerland	85.00% **
Kamla International Holdings SA	Switzerland	100%

* Include 18.56% held through Mahen Distribution Limited

** Include 47.25% held through Kamla International Holdings SA

b) Details of associates are as under:

Name of the associate	Country of incorporation	Percentage of ownership
Kamla Tesio Dials Limited	India	30%

c) Detail of joint venture is as under:

Name of the Joint Venture	Country of incorporation	Percentage of ownership
SatvaJewellary and Designs Limited	India	50%

d) The consolidated financial statements of the Group have been based on a line by line consolidation of statement of profit and loss and balance sheet of KDDL and its subsidiaries. The effects of inter-company transactions between consolidated companies are eliminated on consolidation. Unrealised profit on unsold stock, if any, is eliminated while valuing inventories. These eliminations have been considered in the consolidated financial statement on the basis of figures provided and certified by the management and the auditors have relied on the same.

e) In accordance with the applicable provisions of Accounting Standard - 23 on "Accounting for Investments in Associates in Consolidated Financial Statements", equity method of accounting has been followed to incorporate the results of the operations of the associates in the consolidated financial statements.

f) On 4 December 2004, the Parent Company entered into a shareholders agreement with Pascal Vincent Vaucher SA to jointly control and manage the operations of Satva Jewellery and Design Limited ('Satva'). Pursuant to this agreement, the Parent Company made its contribution of 50% of the equity share capital of Satva during the year. These investments have accordingly been accounted for using proportionate consolidation in the consolidated financial statements of the Group in accordance with Accounting Standard -27. 'Financial Reporting of Interests in Joint Venture'.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

Particulars		As at 31 March 2016	As at 31 March 2015
32.	**Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)**	**2,696,260**	6,913,105
33.	**Contingent liability not provided for exists in respect of:**		
a)	Bank guarantees outstanding	**51,295,028**	72,667,698
b)	Bonds in favour of central excise and customs authorities	**1,425,000**	1,425,000
c)	Demand raised for Service Tax against which appeals have been filed	**1,834,596**	219,309
d)	Demand raised by Punjab State Electricity Board for payment of penalty for usage of additional power against sanctioned load. Amount paid under protest Rs 372,818 (previous year Rs 372,818)	**372,818**	372,818
e)	Demand raised for Income tax (assessment year 2005-06 to assessment year 2011-12)	**90,548,281**	78,782,308
f)	Demand made by central excise authority	**-**	8,164,882
g)	Surety bonds in favour of sales tax department	**100,000**	100,000
h)	Custom duty saved against EPCG licences, pending redemption	**16,457,770**	12,370,089
i)	Claims against the Parent Company not acknowledged as debt (to the extent ascertainable)	**2,137,500**	2,033,525
j)	Other items	**10,272,471**	-

34. During the year 2011-2012, pursuant to the visit of the officers of Directorate general of Central excise intelligence (DGCEI) in the premises of the Company on 18 August 2011, the company had reversed the input service tax credit of Rs 17,000,000 availed by the Company in previous years. The above amount was reversed as per the opinion of the officials of DGCEI. The Company, on the basis of legal opinion obtained, is of the view that the Company is entitled to this input service tax credit. Since, the amount was reversed under protest and without prejudice to the legal rights of the Company, the Company has shown the above amount of Rs 17,000,000 reversed as claim receivable under the head "Long term loans and advances". During the financial year 2012-13, the Company had received a notice from DGCEI whereby, the Company had been called upon to show cause as to why service tax amounting to Rs 663,452 which had been short paid and CENVAT credit amounting to Rs 24,276,671 wrongly availed should not be demanded and recovered. The Company had filed the reply to the show cause notice with the Commissioner-Central Excise and Service Tax, Chandigarh. The authority has confirmed the demand except Rs 663,452. Further , the authority has imposed a penalty of Rs 24,276,671. Being aggrieved against the order of Commissioner- Central Excise and Service Tax, the Company has preferred appeal with CESTAT and the matter is sub-judice with CESTAT, New Delhi. Due to the pending adjudication of the appeal, liability on this account has not been provided in the accounts.

35. The Parent Company has taken a number of office and factory facilities under operating leases. Rental expense for operating leases for the years ended 31 March 2016 and 31 March 2015 was Rs 22,993,871 and Rs 19,193,021 respectively.

Ethos Limited, a subsidiary company has taken showrooms under operating lease arrangements, with an option of renewal at the end of the lease term and escalation clauses in some of the cases. Lease payments (net of reimbursements) charged during the year to the statement of profit and loss aggregate Rs 260,701,564 (previous year Rs 240,868,713) [including Rs 65,558,040 towards cancellable lease (previous year Rs 136,963,753)].

The future minimum lease payments under non-cancellable operating leases are as follows:

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	As at 31 March 2016	As at 31 March 2015
Future minimum lease payments due		
Within one year	**160,991,298**	114,228,372
Later than one year and not later than five years	**393,186,116**	323,201,813
More than five years	**30,718,114**	59,676,397
	584,895,528	497,106,582

36. Movement in provision for points accrued under Club Echo Loyality Programme is as under:

Opening provision	**8,264,277**	4,553,178
Add: amount provided during current year	**8,170,686**	8,805,313
Less: amount utilised/reversed during current year	**7,375,095**	5,094,214
Closing provision	**9,059,868**	8,264,277

37. During the year ended 31 March 2016, Heinz Kohler, one of the shareholders of Pylania SA ("Pylania"), a subsidiary, who held 655 equity shares of the face value of CHF 100 each and had advanced loans of CHF 70,131.25 to Pylania, entered into an agreement with KDDL Limited ("KDDL") to transfer entire shareholding and loans so advanced to Pylania, at a total consideration of CHF 25,000. In terms with such agreement, KDDL Limited, through its another subsidiary, Kamla International Holding SA ("KIH") acquired such shares and loans from Heinz Kohler. On consolidation, such arrangement, led to generation of capital reserve of Rs. 2,805,030, foreign currency translation reserve of Rs. 1,597,466 and gain on remission of liability towards borrowings of Rs. 4,857,290 which have been disclosed under note 3 and note 22 respectively.

During the year ended 31 March 2016, RC Tritec, one of the shareholders of Pylania SA ("Pylania"), a subsidiary, who held 1,475 equity shares of the face value of CHF 100 each and had advanced loans of CHF 489,785.55 to Pylania, entered into an agreement with KDDL Limited ("KDDL") to transfer entire shareholding and loans so advanced to Pylania, at a total consideration of CHF 225,000. In terms with such agreement, KDDL Limited, through its another subsidiary, Kamla International Holding SA ("KIH") acquired such shares and loans from RC Tritec. On consolidation, such arrangement, led to generation of foreign currency translation reserve of Rs. 279,178 and gain on remission of liability towards borrowings of Rs. 28,134,366 which have been disclosed under note 3 and note 22 respectively.

	For the year ended 31 March 2016	For the year ended 31 March 2015
38. Earnings per share		
Net profit attributable to equity shareholders		
Profit after tax and minority interests (Rs.)	**53,054,234**	86,477,930
Number of equity shares at the beginning of the year	**9,076,470**	9,036,720
Shares issued during the year	**1,008,400**	39,750
Total equity shares outstanding at the end of the year	**10,084,870**	9,076,470
No. of weighted average equity shares		
Basic	**9,583,425**	9,045,580
Diluted	**9,597,779**	9,060,047
Nominal value of equity share (Rs.)	**10**	10
Earnings per share-after exceptional items and tax		
Basic (Rs.)	**5.54**	9.56
Diluted (Rs.)	**5.53**	9.54

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015

39. During the year, following shares were issued outside the group:

- Ethos Limited issued 200 (previous year 37,730) equity shares of Rs. 10 each at a price of Rs. 143 (previous year Rs. 65).
- Ethos Limited issued 56,000 (previous year Nil) equity shares of Rs. 10 each at a price of Rs. 100 (previous year Nil) and subsequently bought back by wholly owned subsidiary Mahen Distribution Limited at a price of Rs 229 per share.
- Ethos Limited issued Nil (previous year 576,923) preference shares of Rs. 130 each at a price of Rs Nil (previous year Rs 130).
- Pylania S.A., issued 3000 (previous year Nil) shares of Swiss Franc (CHF) 100 per share at Swiss Franc (CHF) 250.

Accordingly adjustments have been carried out to take the effect of minority interest in the consolidated financial statements.

40. Segment information

Identification of segments:

The Group has disclosed business segment as primary segment. The Group's operations predominantly relate to manufacture of precision watch components and trading of watches and accessories. Other business segments primarily comprising of ornament packaging are very small and are reported under 'others' category. The segments have been identified taking into account:

- the nature and use of the products,
- the differing risks and returns,
- the organisation structure, and
- the internal financing reporting systems.

The secondary segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

Segment information - Primary segment (Business segment)

(Figures in parentheses are for the previous year)

Particulars	Precision and watch components	Watch and accessories	Others	Total
Revenue				
Gross operating and other income*	**1,211,629,289**	**3,286,341,037**	**46,703,685**	**4,544,674,011**
	(1,286,585,715)	(2,834,888,755)	(56,810,231)	(4,178,284,701)
Results				
Segment result	**269,467,540**	**34,453,421**	**(5,552,561)**	**298,368,401**
	(290,932,987)	(113,954,126)	23,688,489	(381,198,625)
Unallocated corporate expenses (net)				**(74,499,339)**
				(92,681,785)
Operating profit				**223,869,062**
				(288,516,839)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

Particulars	Precision and watch components	Watch and accessories	Others	Total
Interest income				**6,245,673**
				(4,574,343)
Interest expenses				**150,150,076**
				(153,371,185)
Prior period expenses				**923,071**
				(943,891)
Current income tax				**36,590,335**
				(56,034,997)
Minimum alternate tax credit entitlement				**-**
				102,182
Current tax - earlier years				**(1,989,603)**
				-
Deferred tax				**2,532,765**
				5,117,789
Net profit				**41,908,091**
				(87,961,080)
Other information				
Segment assets	**813,459,559**	**2,087,051,525**	**31,571,780**	**2,932,082,864**
	(911,003,479)	(1,874,608,171)	(57,354,364)	(2,842,966,014)
Unallocated corporate assets				**484,028,071**
				(340,841,911)
Total assets				**3,416,110,935**
				(3,183,807,924)
Segment liabilities	**195,126,175**	**1,533,490,164**	**13,480,918**	**1,742,097,257**
	(343,610,513)	(1,368,555,247)	(16,477,079)	(1,728,642,839)
Unallocated corporate liabilities and loans				**517,098,497**
				(630,402,406)
Total liabilities**				**2,259,195,754**
				(2,359,045,245)
Capital expenditure	**135,590,477**	**35,229,786**	**246,853**	**171,067,116**
	(56,600,045)	(45,483,341)	(440,110)	(102,523,497)
Unallocated capital expenditure				**2,752,918**
				(5,444,199)
Depreciation and amortisation	**66,349,778**	**37,817,066**	**1,355,611**	**105,522,455**
	(71,206,624)	(37,523,199)	(3,538,755)	(112,268,577)
Unallocated depreciation and amortisation				**6,748,207**
				(5,883,640)
Other non cash expenses	**914,121**	**4,725,073**	**959,219**	**6,598,412**
	(6,942,141)	-	(824,327)	(7,766,468)
Unallocated non cash expenses				**1,155,786**
				(24,463)

* Excluding unallocated corporate income Rs 37,507,683 (previous year Rs 5,818,825) and interest income Rs 6,245,673 (previous year Rs 4,874,343). Segment revenues are gross of excise duty.

** Total liabilities do not include minority interest.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

Note - 40 (Cont'd)

Segment Information - Secondary Segment (Geographical)

The following tables present revenue and profit information regarding industry segments for the year ended 31 March 2016 and asset and liability information regarding industry segments at 31 March 2016.

(Figures in parentheses are for the previous year)

Secondary Segment information :

Particulars	India	Outside India	Total
Segment revenue	**3,791,417,224** (3,338,452,431)	**753,256,787** (839,832,270)	**4,544,674,011** (4,178,284,701)
Segment assets	**2,843,698,479** (2,732,158,003)	**88,384,385** (110,808,011)	**2,932,082,864** (2,842,966,014)
Capital expenditure	**171,067,116** (101,698,839)	**-** (824,657)	**171,067,116** (102,523,496)

The segment revenue is net of discount, sales returns and price variations, gross of excise duty

41. Related party disclosures

A. Relationships

I.	**Associates**	Kamla Tesio Dials Limited
II.	**Joint venture**	Satva Jewellery and Design Limited
III.	**Entities over which significant influence is exercised by the company /key management personnel (either individually or with others)**	Vardhan Properties & Investments Limited Saboo Coatings Limited VBL Innovations Private Limited Vardhan International Limited Saveeka Family Trust; and Dream Digital Technology Limited
IV.	**Key management personnel**	**Relatives ***
a.	Mr. R.K. Saboo (Chairman)	Mrs. Usha Devi Saboo (spouse), Mr. Yashovardhan Saboo (son), Mrs. Asha Devi Saboo (brother's spouse)
b.	Mr. Y. Saboo (Chief Executive Officer)	Mr. R.K. Saboo (father), Mrs. Anuradha Saboo (spouse), Mr. Pranav Shankar Saboo (Son), Mrs. Malvika Singh (son's spouse)
c.	Dinesh Agrawal (Chief Operating Officer)	Mrs. Shashi Agrawal (spouse)

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

41. Related Party Transactions (Continued)

The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2016

S No.	Particulars	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
1	**Purchase of raw material and components**					
	Saboo Coatings Limited	-	-	2,725,516	-	-
2	**Sale of goods and services**					
	VBL Innovations Private Limited	-	-	3,150,000	-	-
	Saboo Coatings Limited	-	-	101,727	-	-
3	**Rent paid by the Company**					
	Kamla Tesio Dials Limited	800,000	-	-	-	-
	Satva Jewellery & Design Limited	-	300,000	-	-	-
	Saboo Coatings Limited	-	-	50,000	-	-
	Mr. R.K. Saboo	-	-	-	336,626	-
	Mr. Yashovardhan Saboo	-	-	-	1,805,085	-
	Mrs. Anuradha Saboo	-	-	-	-	168,479
	Mrs. Usha Devi Saboo	-	-	-	-	67,393
4	**Salary of employees recovered**					
	Vardhan Properties and Investment Limited	-	-	144,000	-	-
5	**Salary of employees paid**					
	Saboo Coatings Limited	-	-	541,640	-	-
6	**Salary paid to relatives of KMP**					
	Ms. Malvika Singh	-	-	-	-	736,836
	Ms. Anuradha Saboo	-	-	-	-	290,327
7	**Director remuneration**					
	Mr. R.K. Saboo	-	-	-	4,158,064	-
	Mr. Yashovardhan Saboo	-	-	-	6,416,836	-
	Mr. Dinesh Agrawal	-	-	-	4,432,881	-
8	**Interest received**					
	Satva Jewellery & Design Limited	-	300,000	-	-	-
9	**Interest paid/accrued**					
	Vardhan Properties and Investment Limited	-	-	1,483,005	-	-
	VBL Innovations Private Limited	-	-	2,231,673	-	-
	Saveeka Family Trust	-	-	45,890	-	-
	Dream Digital Technology Limited	-	-	802,181	-	-
	Mr. R.K. Saboo	-	-	-	1,172,398	-
	Mr. Yashovardhan Saboo	-	-	-	170,000	-
	Mrs. Shashi Agarwal	-	-	-	-	62,522
	Mrs. Asha Devi Saboo	-	-	-	-	125,000
10	**Public deposits accepted**					
	Vardhan Properties and Investment Ltd.	-	-	300,000	-	-
	Mr. R.K.Saboo	-	-	-	10,000,000	-
	Mr. Yashovardhan Saboo	-	-	-	5,000,000	-
11	**Repayment of Public deposits**					
	Saveeka family Trust	-	-	1,000,000	-	-
	Mr. R.K. Saboo	-	-	-	10,000,000	-
	Mr. Yashovardhan Saboo	-	-	-	5,000,000	-
12	**Repayment of inter-corporate deposits (ICD)**					
	Vardhan Properties and Investment Limited	-	-	9,300,000	-	-
	VBL Innovations Private Limited	-	-	15,000,000	-	-
13	**Rent received**					
	Dream Digital Technology Limited	-	-	12,000	-	-
	Saboo Coatings Limited	-	-	760,000	-	-
14	**Repayment of loans given by the Company**					
	Mr. Dinesh Agarwal	-	-	-	400,000	-
15	**Reimbursement of expenses paid by the Company**					
	Saboo Coatings Limited	-	-	53,053	-	-
	Dream Digital Technology Limited	-	-	19,033	-	-
16	**Expenses other than salary recovered by the Company**					
	Kamla Tesio Dials Limited	37,084	-	-	-	-
	Satva Jewellery & Design Limited	-	87,942	-	-	-
	Saboo Coatings Limited	-	-	331,232	-	-
	VBL Innovations Private Limited	-	-	235,947	-	-
	Dream Digital Technology Limited	-	-	925,568	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

41. Related Party Transactions (Continued)

The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2016

S No.	Particulars	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
17	**Guarantee given**					
	Mr. R.K. Saboo	-	-	-	27,500,000	-
	Mr. Yashovardhan Saboo	-	-	-	67,500,000	-
18	**Loans taken**					
	Vardhan Properties and Investment Limited	-	-	10,000,000	-	-
	VBL Innovations Private Limited	-	-	15,000,000	-	-
	Mr. R.K.Saboo	-	-	-	7,000,000	-
19	**Management consultancy fees paid**					
	Dream Digital Technology Limited*	-	-	30,070,364	-	-
20	**Dividend paid**					
	Mr. R.K. Saboo	-	-	-	6,926,886	-
	Mr. Yashovardhan Saboo	-	-	-	5,275,554	-
	Mrs. Usha Devi Saboo	-	-	-	-	1,579,130
	Mrs. Anuradha Saboo	-	-	-	-	1,344,095
	Mr. Pranav Shankar Saboo	-	-	-	-	752,164
	* This figure includes an amount of Rs. 24,489,434 which has been reimbursed by brands					
	Balances at the end of the year					
1	**Loans and advances given**					
	Satva Jewellery and Design Limited	-	5,197,100	-	-	-
	Mr. Dinesh Agarwal	-	-	-	800,000	-
2	**Loans taken**					
	Dream Digital Technology Limited	-	-	4,999,940	-	-
	Vardhan Properties and Investment Limited	-	-	10,000,000	-	-
	VBL Innovations Private Limited	-	-	15,000,000	-	-
	Mr. R.K. Saboo	-	-	-	7,000,000	-
3	**Other receivables/advances**					
	Satva Jewellery and Design Limited	-	391,530	-	-	-
	Vardhan Properties and Investment Limited	-	-	72,000	-	-
	VBL Innovations Private Limited	-	-	2,757,694	-	-
4	**Payables**					
	Kamla Tesio Dials Limited	995,873	-	-	-	-
	Saboo Coatings Limited	-	-	461,063	-	-
	Dream Digital Technology Limited	-	-	11,599,811	-	-
	Vardhan Properties and Investment Limited	-	-	314,316	-	-
	VBL Innovations Private Limited	-	-	538,521	-	-
5	**Guarantees taken**					
	Mr. R.K. Saboo	-	-	-	893,108,516	-
	Mr. Yashovardhan Saboo	-	-	-	1,121,599,182	-
	Mrs. U. Saboo	-	-	-	-	42,270,347
6	**Public deposits outstanding**					
	Vardhan Properties and Investment Limited	-	-	1,500,000	-	-
	Mrs. Asha Devi Saboo	-	-	-	-	1,000,000
	Mrs. Shashi Agrawal	-	-	-	-	400,000
7	**Interest on outstanding public deposit**					
	Mrs. Shashi Agrawal	-	-	-	-	139,853
8	**12% Cumulative Compulsory Convertible Preference Shares**					
	Mr. R.K.Saboo	-	-	-	10,000,100	-
	Mr. Yashovardhan Saboo	-	-	-	9,999,000	-
	Mrs. A.Saboo	-	-	-	-	2,500,080
9	**14% Cumulative Compulsory Convertible Preference Shares**					
	VBL Innovations Private Limited	-	-	2,600,000	-	-
	Dream Digital Technology Limited	-	-	5,000,060	-	-
	Mr. R.K.Saboo	-	-	-	6,000,150	-
	Mr. Yashovardhan Saboo	-	-	-	2,500,030	-
	Mrs. A.Saboo	-	-	-	-	1,500,070

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

41. Related Party Transactions (Continued)

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

S No.	Particulars	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
1	**Purchase of raw material and components**					
	Saboo Coatings Limited	-	-	3,080,189	-	-
2	**Sale of goods**					
	Saboo Coatings Limited	-	-	290,822	-	-
	Dream Digital Technology Limited	-	-	45,675	-	-
3	**Rent paid**					
	Kamla Tesio Dials Limited	800,000	-	-	-	-
	Saboo Coatings Limited	-	-	50,000	-	-
	Mr. R.K. Saboo	-	-	-	320,592	-
	Mr. Y. Saboo	-	-	-	1,645,364	-
	Mrs. Asha Devi Saboo	-	-	-	-	160,452
	Ms. U. Saboo	-	-	-	-	64,188
	Satva Jewellery and Design Limited	-	300,000	-	-	-
4	**Salary of employees recovered**					
	Vardhan Properties and Investment Limited	-	-	144,000	-	-
5	**Salary paid to relatives of KMP**					
	Ms. Malvika Singh	-	-	-	-	642,736
6	**KMP remuneration**					
	Mr. R.K. Saboo	-	-	-	3,730,802	-
	Mr. Y. Saboo	-	-	-	5,644,736	-
	Mr. Dinesh Agrawal	-	-	-	4,196,989	-
7	**Interest received**					
	Satva Jewellery and Design Limited	-	300,000	-	-	-
8	**Interest paid/ accrued**					
	Mr. R.K. Saboo	-	-	-	1,234,928	-
	Dream Digital Technology Limited	-	-	1,223,010	-	-
	VBL Innovations Private Limited	-	-	2,399,995	-	-
	Saveeka Family Trust	-	-	292,561	-	-
	Vardhan Properties and Investment Limited	-	-	1,401,731	-	-
	Mrs. Asha Devi Saboo	-	-	-	-	125,000
	Mrs Shashi Agarwal	-	-	-	-	55,282
9	**Public deposits accepted**					
	Vardhan Properties and Investment Ltd.	-	-	700,000	-	-
10	**Repayment of Public deposits**					
	Saveeka family Trust	-	-	2,000,000	-	-
11	**Repayment of ICD**					
	Dream Digital Technology Limited	-	-	5,000,000	-	-
12	**Amount written back during the period**					
	Satva Jewellery and Design Limited	-	1,457,715	-	-	-
13	**Rent received**					
	Satva Jewellery and Design Limited	-	300,000	-	-	-
	Saboo Coatings Limited	-	-	760,000	-	-
	Dream Digital Technology Limited	-	-	12,000	-	-
14	**Loan taken**					
	Dream Digital Technology Limited	-	-	5,000,000	-	-
15	**Loans and advances given by the Company**					
	Satva Jewellery & Design Limited	-	50,000	-	-	-
	Mr Dinesh Agrawal	-	-	-	1,200,000	-
16	**Reimbursement of expenses paid by the Company**					
	Dream Digital Technology Limited	-	-	136,718	-	-
17	**Expenses Recovered**					
	Kamla Tesio Dials Limited	33,820	-	-	-	-
	Saboo Coatings Limited	-	-	291,011	-	-
	Dream Digital Technology Limited	-	-	1,760,671	-	-
	Satva Jewellery and Design Limited	-	57,732	-	-	-
	VBL Innovations Private Limited	-	-	293,341	-	-
18	**Loan repaid**					
	Dream Digital Technology Limited	-	-	5,000,060	-	-
	Mr. R.K. Saboo	-	-	-	12,000,000	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

41. Related Party Transactions (Continued)

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

S No.	Particulars	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
19	**Management Consultancy fee paid**					
	Dream Digital Technology Limited	-	-	23,975,002	-	-
20	**Dividend paid**					
	Mr. R.K. Saboo	-	-	-	3,081,841	-
	Mr. Y. Saboo	-	-	-	2,258,445	-
	Others	-	-	27,002	-	1,825,187
21	**Guarantees given**					
	Mr. R K Saboo	-	-	-	80,000,000	-
	Mr. Y Saboo	-	-	-	80,000,000	-
22	**14% Compulsory Convertible Preference Shares issued**					
	VBL Innovations Private Limited	-	-	2,600,000	-	-
	Dream Digital Technology Limited	-	-	5,000,060	-	-
	Mr. R K Saboo	-	-	-	6,000,150	-
	Mr. Y Saboo	-	-	-	2,500,030	-
	Mrs. Asha Devi Saboo	-	-	-	-	1,500,070
	Balances at the end of the year					
1	**Loans given**					
	Satva Jewellery and Design Limited	-	5,197,100	-	-	-
	Mr Dinesh Agrawal	-	-	-	1,200,000	-
2	**Loans taken**					
	Dream Digital Technology Limited	-	-	4,999,940	-	-
3	**Interest payable**					
	Dream Digital Technology Limited	-	-	522,733	-	-
4	**Other receivables/ advances**					
	Satva Jewellery and Design Limited	-	297,588	-	-	-
	Saboo Coatings Limited	-	-	86,895	-	-
	Vardhan Properties and Investment Limited	-	-	36,000	-	-
	Kamla Tesio Dials Limited	1,725	-	-	-	-
	Dream Digital Technology Limited	-	-	121,113	-	-
5	**Payables**					
	Kamla Tesio Dials Limited	211,870	-	-	-	-
	Saboo Coatings Limited	-	-	270,871	-	-
	Dream Digital Technology Limited	-	-	6,837,192	-	-
6	**Guarantees taken**					
	Mr. R.K. Saboo	-	-	-	666,547,163	-
	Ms. U. Saboo	-	-	-	-	46,592,137
	Mr. Y. Saboo	-	-	-	793,927,777	-
7	**12% Cumulative Compulsory Convertible Pref. Shares**					
	Mr. R.K. Saboo	-	-	-	5,000,050	-
	Mr. Y. Saboo	-	-	-	4,998,950	-
	Mrs. Asha Devi Saboo	-	-	-	-	2,500,080
8	**14% Cumulative Compulsory Convertible Pref. Shares**					
	VBL Innovations Private Limited	-	-	2,600,000	-	-
	Dream Digital Technology Limited	-	-	5,000,060	-	-
	Mr. R K Saboo	-	-	-	6,000,150	-
	Mr. Y Saboo	-	-	-	2,500,030	-
	Mrs. Asha Devi Saboo	-	-	-	-	1,500,070
9	**Public deposits outstanding**					
	Mrs. Asha Devi Saboo	-	-	-	-	1,000,000
	Ms. Shashi Agrawal	-	-	-	-	400,000
	Saveeka Family Trust	-	-	1,000,000	-	-
	Vardhan Properties and Investment Limited	-	-	1,500,000	-	-
10	**Interest on Public deposit outstanding**					
	Ms Shashi Agrawal	-	-	-	-	77,526
11	**Inter Corporate deposits outstanding**					
	Vardhan Properties and Investment Limited	-	-	9,300,000	-	-
	VBL Innovations Private Limited	-	-	15,000,000	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

42. Employee Stock Option Plans

I. KDDL Employee Stock Option Plan- 2011 ('ESOP 2011')

(a) The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') which has been approved by the Board of Directors and the shareholders. A compensation committee comprising promoter executive and independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The Company planed to grant upto 110,000 options to eligible employees and directors of the Company and subsidiaries of the Company. The outstanding options as on 31 March 2016 are 24,750.

(b) 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 year to the eligible employees. The balance options shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs 1,500,000,000 ('second tranche'). The exercise period for the options is within six months from the date of vesting of the options. Each option is exercisable for one equity share of Rs 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.

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

Particulars	ESOP 2011		ESOP 2011	
	Year Ended 31 March 2016		Year Ended 31 March 2015	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
	Number	Amount	Number	Amount
Outstanding at the beginning of the year	39,750	120	84,000	120
Granted options	-	-	-	-
Exercise during the year	-	-	39,750	120
Forfeited during the year	-	-	-	-
Expired during the year	15,000	120	4,500	120
Outstanding at the end of year	24,750	120	39,750	120
Number of equity shares of Rs 10 each fully paid to be issued on exercise of option	24,750	120	39,750	120
Weighted average price remaining contractual life (years)				
- First Tranche	N.A.	N.A.	N.A.	N.A.
- Second Tranche*	N.A.	N.A.	N.A.	N.A.

* The options under second tranche shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs. 1,500,000,000. Accordingly, the weighted average remaining contractual life (years) has been considered to be not applicable.

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Risk Free interest rate (in %)	8.50%	8.50%
Expected life (in months) *	88	29
Volatility (in %) **	66.49%	66.49%
Dividend Yield (in %)	1.58%	1.58%

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

* The options under second tranche shall vest on the date when the turnover (excluding excise duty thereon) of the Company would exceed Rs 1,500,000,000. The management of the Company has revised the expected life to achieve the turnover of Rs 1,500,000,000 from 29 months in previous year to 88 months in current year starting from 2011.

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

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Total options granted outstanding	24,750	39,750
Weighted average exercise price (in Rs)	120	120
Weighted average fair value (in Rs)	87.13	61.05

II. KDDL Employee Stock Option Plan- 2011 ('KRL ESOP')

(a) In the annual general meeting held on 15 September 2011, the shareholders of the subsidiary company Ethos Limited approved the issues of options not exceeding 84,000 options under the scheme titled "KRL Employee Stock Option Plan-2011 " ('KRL ESOP').

The ESOP allows the issue of the options to eligible employees of the subsidiary. Each option comprises one underlying equity share.

As per the scheme, the Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option shall be equal to the "Market Price" as defined in the Scheme. The options granted vest as follows. Options may be exercised within two years of vesting.

1. 50 % of the options granted to the selected employee shall vest on 1 April 2014 in case there is continuation of his service till the date of vesting
2. 50 % on the first day of the financial year subsequent to the achievement of billing of Rs. 300 crores in any financial year by the subsidiary, subject to the continuation of service till the date of vesting. However there shall remain a gap of minimum one year between the date of grant and the date of vesting under this clause. The compensation committee shall declare such date as and when it is triggered.

The subsidiary company has in its Compensation Committee meeting on 4 January 2013 granted outstanding 2,500 options to employee of the subsidiary company. The above options have been issued by the Compensation Committee in accordance with the terms & conditions of the "KRL Employee Stock Option Plan-2011" (ESOP).

In the Extraordinary General Meeting held on 10 March 2014 of the subsidiary company, the shareholders appproved 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 1st 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. 500 crores 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.

The subsidiary company has in its Compensation Committee meeting on 4 August 2014 granted outstanding 3,500 options to employee of the Parent Company. The above options have been issued by the Compensation Committee in

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

accordance with the terms & conditions of the "Ethos Employee Stock Option Plan – 2013".

The difference between the marker price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing stock compensation expense is expenses over the vesting period.

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

Particulars	ESOP 2011		ESOP 2011	
	Year Ended 31 March 2016		Year Ended 31 March 2015	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
	Number	Amount	Number	Amount
Outstanding at the beginning of the year	54,750	100	72,000	100
Granted during the year	-	-	-	-
Vested during the year	54,750	100	-	-
Exercised during the year	54,750	100	17,250	-
Lapsed during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	54,750	100
Outstanding at the beginning of year	1,250	110	2,500	110
Granted during the year	-	-	-	-
Vested during the year	1,250	-	-	-
Exercised during the year	1,250	-	1,250	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	110	1,250	110
Outstanding at the beginning of year	261,500	120	264,000	-
Granted during the year	-	-	3,500	120
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed during the year	30,000	120	6,000	120
Outstanding at the end of the year	231,500	120	261,500	120

(c) The fair value of the option has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Risk Free interest rate (in %)	8.50%/8.00%/7.60%/7.60%	8.50%/8.00%/7.60%/7.60%
Expected life (in months)	3.55/2.24/4.56/4.16	3.55/2.24/4.56/4.16
Volatility (in %)	–	–
Dividend Yield (in %)	–	–

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

(d) Pro-forma Accounting for Stock Option Grants

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

	Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
1.	Net Profit as reported	53,054,234	86,477,930
2.	Add: Stock based employee compensation expense (credited)/debited to statement of profit and loss	(83,164)	76,737
3.	Less : Stock based employee compensation expense based on fair value	280,615	397,692
4.	Difference between (2) and (3)	(363,779)	(320,955)
5.	Adjusted to proforma profit	52,690,455	86,156,975
6.	Difference between (1) and (5)	363,779	320,955
7.	Basic earnings per share as reported	5.54	9.56
8.	Proforma basic earnings per share	5.50	9.52
9.	Diluted earnings per share as per reported	5.53	9.54
10.	Proforma diluted earnings per share*	5.49	9.51

*The effect of cumulative optionally convertible preference shares being anti dilutive in nature, dilutive EPS has not been computed.

43. Additional information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint venture and Associate

		Net assets		Share in profit/loss	
S. No	Name of the entity	As a percentage of consolidated net assets	Amount (Rs)	As a percentage of consolidated profit or (loss)	Amount (Rs)
	Parent Company				
1	KDDL Limited	105%	857,631,317	124%	65,773,896
	Indian subsidiaries:				
2	Ethos Limited	70%	571,372,452	-112%	(59,466,500)
3	Mahen Distributions Limited	9%	73,028,063	-2%	(1,315,350)
	Foreign subsidiaries				
4	Kamla International Holdings SA	5%	40,989,795	-1%	(291,133)
5	Pylania SA	2%	17,248,854	7%	3,775,421
6	Minority interest in all subsidiaries	41%	337,943,549	21%	11,017,271
	Joint venture (as per proportionate consolidation)				
7	Satva Jewellery and Design Limited	-0.37%	(3,045,520)	-3%	(1,391,783)
	Associate (as per equity method)				
8	Kamla Tesio Dials Limited	0.09%	714,294	0%	128,872
	Sub-Total	**231%**	**1,895,882,804**	**34%**	**18,230,694**
	Less: Effects of inter-company eliminations/adjustments	131%	1,076,911,172	-66%	(34,823,540)
	Total	**100%**	**818,971,632**	**100%**	**53,054,234**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

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

		Amount outstanding as at 31 March 2016		Amount outstanding as at 31 March 2015	
Particulars	**Units of foreign currency**	**Amount (in FC)**	**Amount (in ₹)**	**Amount (in FC)**	**Amount(in ₹)**
Receivables					
	HKD	47,440	400,391	247,969	1,973,838
	USD	182,797	12,024,406	353,823	21,954,734
	EUR	21,547	1,597,513	16,203	1,082,976
	CHF	1,368,817	92,614,158	1,245,955	79,432,749
	GBP	528	49,665	493	45,103
Payables					
	HKD	367,613	3,161,472	346,437	2,813,068
	USD	73,419	4,870,903	236,586	14,756,448
	EUR	13,412	1,012,289	5,103	347,145
	CHF	1,146,936	79,219,347	198,781	12,915,695
	JPY	126,715	75,281	10,322,116	5,401,191
	SGD	70,959	3,487,641	-	-
Commission payable					
	CHF	316,382	21,836,657	401,803	26,105,140
Buyer's credit					
	USD	320,900	21,320,596	733,625	45,932,690
	HKD	-	-	620,776	5,040,701
	CHF	-	-	762,715	48,928,167
Advances from customers					
	CHF	53,422	3,687,153	2,449	159,104
	EUR	-	-	1,800	122,472
	USD	27,592	1,839,333	170	10,664
Advances to suppliers					
	USD	17,730	1,166,310	-	-
	SGD	12,236	591,986	-	-
	EURO	31,116	2,306,919	-	-
	JPY	64,950	38,587	-	-
	CHF	4,358	294,895	-	-

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

	Amount outstanding as at 31 March 2016		Amount outstanding as at 31 March 2015	
Units of foreign currency	**(in Foreign currency)**	**(in Rupees)**	**(in Foreign currency)**	**(in Rupees)**
CHF	600,000	42,475,000	1,652,864	106,031,228
USD	584,688	40,351,086	149,885	9,343,853

45. In terms with the provisions of Accounting Standard – 21 " Consolidated Financial Statements ", the Parent Company has computed its share of losses after adjusting for the cumulative dividends on preference share capital issued by the subsidiary companies, though, dividends have not been declared by such subsidiaries. The details of the dividend adjusted during the year is as follows :

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

Particulars	Amount of dividend	Dividend per Share
12% cumulative compulsory convertible preference shares	13,488,572	12.51
12% cumulative optionally convertible preference shares	600,600	7.80
14% cumulative compulsory convertible preference shares	10,150,013	18.20
	24,239,185	

– Arrears of fixed cumulative preference shareholders amounts to Rs 67,580,754 (previous year Rs 47,204,782) has been included in minority interest.

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

(a) In terms with the provisions of the said Act, the Parent Company had to spend a sum of Rs 1,200,687 towards CSR activities during the year ended 31 March 2016.

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

S. No	Particulars	Amount paid in Cash	Amount yet to be paid in Cash	Total
(i)	Construction of borewell at government school in derabassi	123,550	-	123,550
(ii)	Contibution to KDDL Ethos Foundation	945,000	-	945,000
	Total	**1,068,550**	**-**	**1,068,550**

47. Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186 of the Companies Act, 2013:

	Particulars	As at 31 March 2016	As at 31 March 2015
a)	**Loans and advances**		
	Loan to joint venture: Satva Jewellery & Design Limited		
	Balance as at the year end	5,197,100	5,197,100
	Maximum amount outstanding at any time during the year	5,197,100	5,197,100
	(Satva Jewellery & Design Limited has utilised the loan for meeting working capital requirements)		
b)	**Investment ***		
	Investment in associate: Kamla Tesio Dials Limited		
	Balance as at the year end	2,714,295	2,585,423
	Maximum amount outstanding at any time during the year	2,714,295	2,622,828
	Investment in Company: Karolview Developers Private Limited		
	Balance as at the year end	5,000,000	5,000,000
	Maximum amount outstanding at any time during the year	5,000,000	5,000,000
	Investment in Company: Shivalik Waste Management Limited		
	Balance as at the year end	175,000	175,000
	Maximum amount outstanding at any time during the year	175,000	175,000

* Investments are net off provision for diminution in the value of investment, other than temporary.

48. The consolidated financial statements have been prepared in compliance with clause 32 of the listing agreement with stock exchange.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

49. During the current financial year, a fire broke out in one of the stores of the subsidiary company (Ethos Limited) located at Ambience Mall, Gurgaon, thereby resulting in a loss of Rs 2,781,525 on account of damage to fixed assets (furniture and leasehold improvements) and Rs 4,096,664 on account of damage to inventory. Consequently, the subsidiary company has filed an insurance claim with the insurance company. Pending final acceptance of the amount by the insurance Company as at 31 March 2016, the subsidiary company has recognised an amount of Rs 6,878,189 as receivable in the financials appearing under "Non-current assets", thereby having no impact on profit and loss for the year. Any further changes to the insurance claim amount will be accounted for once the amount gets finalized with the insurance company.

50. As per the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961, the parent company is required to use certain specific methods in computing arm's length prices of transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of appointing independent consultants for conducting a Transfer Pricing Study (the 'Study') to confirm that the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's transactions are at arm's length and that the results of the proposed study will not have any impact on the financial statements and that they do not expect any transfer pricing adjustments.

51. Previous year figures have been regrouped/recasted, wherever considered necessary to make them comparable with those of the current year.

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

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

Per **Lalit Kumar**
Partner

Place: Chandigarh
Date: 30 May 2016

Yashovardhan Saboo
Chief Executive Officer & Vice Chairman
(DIN: 00012158)

Sanjeev Masown
Chief Financial Officer

Place: Chandigarh
Date: 30 May 2016

Anil Khanna
Director
(DIN: 00012232)

Raman Sood
Company Secretary
(Membership No. F3722)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in rupees, unless stated otherwise)

Financial performance of Subsidiaries during the period April 1, 2015 to March 31, 2016.

Sr. No.	Name of the Subsidiary Company	Ethos Ltd	Mahen Distribution Ltd.	Plyania SA	Kamla International Holding SA
1	Financial/Accounting year of the subsidiary companies	31.03.2016	31.03.2016	31.03.2016	31.03.2016
2	Country of incorporation	India	India	Switzerland	Switzerland
3	Reporting currency	INR	INR	CHF	CHF
4	Exchange rate to INR:				
	-Balance sheet			CHF=Rs 69.02	CHF=Rs 69.02
	-Profit and loss			CHF=Rs 66.99	CHF=Rs 66.99
5	Share Capital(Incl. Advances towards capital where applicable)	319,569,100	74,812,200	105,064,333	38,351,064
6	Reserves and surplus	251,803,352	(1,784,137)	(87,815,480)	2,638,731
7	Total assets	2,081,247,464	90,486,803	95,113,230	40,989,795
8	Total liabilities	1,509,875,012	17,458,740	77,864,377	-
9	Investments(other than subsidiaries)	-	-	-	-
10	Turnover	3,287,889,296	2,547,986	22,609,776	350,384
11	Profit/(loss) before tax	(46,283,068)	(1,315,350)	3,775,421	(291,133)
12	Tax Expenses/(Credited)	13,183,433	-	-	-
13	Profit/(loss) after tax	(59,466,501)	(1,315,350)	3,775,421	(291,133)
14	Proposed dividend and tax therein	-	-	-	-

Yashovardhan Saboo
Chief Executive Officer
and Vice Chairman

Anil Khanna
Director

Sanjeev Masown
Chief Financial Officer

Raman Sood
Company Secretary

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules, 2014]

KDDL Limited

(CIN: L33302HP1981PLC008123)
Regd. Office: Plot No. 3, Sector - III, Parwanoo, District Solan (H.P.)
Tel.: +91 172 2548223/24, Fax : +91 172 2548302
Website: www.kddl.com, E-mail : investor.complaints@kddl.com

Name of the member(s) : _____
Registered Address : _____
E-mail Id : _____
Folio No./Client Id : _____
DP ID : _____

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

1. Name : _____
   Address : _____
   E-mail Id : _____
   Signature : _____ , or failing him
2. Name : _____
   Address : _____
   E-mail Id : _____
   Signature : _____ , or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the Company, to be held on Friday , the 12th day of August, 2016 at 12.30 p.m. at Hotel Timber Trail Resorts, Parwanoo 173220 (Himachal Pradesh) and at any adjournment thereof in respect of such resolutions as indicated below :-

Ordinary Business:

1. Adoption of the Audited Accounts of the Company for the financial year ended 31st March, 2016 and the Reports of the Board of Directors' and Auditors' thereon.
2. Confirmation of Interim dividend as Final Dividend for the year ended 31st March, 2016.
3. Appointment of a director in place of Mr. R.K. Saboo, who is liable to retire by rotation.
4. Ratification of appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company.

Special Business:

5. Appointment of Mr. Vishal Satinder Sood (DIN-01780814) as Director of the Company.
6. Appointment and Remuneration of Mr. Sanjeev Kumar Masown as Whole Time Director cum Chief Financial Officer of the company.
7. Authorization for borrowings by way of inviting unsecured fixed deposits from shareholders under section 73 of the Companies Act, 2013.

Signed this _____day of _____ 2016

Affix Revenue Stamp

_____ _____
Signature of shareholder Signature of Proxy holder (s)

NOTE :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

ATTENDANCE SLIP

(To be presented at the entrance)

KDDL Limited

(CIN: L33302HP1981PLC008123)
Regd. Office: Plot No. 3, Sector - III, Parwanoo, District Solan (H.P.)
Tel.: +91 172 2548223/24, Fax : +91 172 2548302, website: www.kddl.com, email id: investor.complaints@kddl.com

Folio No.:_____DP ID No.:_____ Client ID No.:_____
Name of the Member _____Signature_____
Name of the Proxyholder_____Signature_____

I, hereby record my presence at the 36th ANNUAL GENERAL MEETING at Hotel Timber Trail Resorts, Parwanoo, Distt. Solan (H.P.) on Friday, the 12th day of August, 2016 at 12.30 p.m.

_____
(Signature of Member/Proxy)

If undelivered please return to
KDDL LIMITED
SCO 88-89, Sector 8-C,
Madhya Marg,
Chandigarh - 160 009

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