

## NOTICE

NOTICE is hereby given that the 31<sup>st</sup> Annual General Meeting of the Company will be held on **Thursday, the 15th day of September, 2011 at 12.30 p.m. at Hotel Timber Trail Resorts, Parwanoo 173 220 (H.P.)** to transact the following businesses:

### Ordinary Business:

1. To receive, consider and adopt the audited accounts of the Company for the financial year ended 31<sup>st</sup> March, 2011 and the reports of the Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Anil Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jagesh Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Walker Chandiook & Co., Chartered Accountants, as Statutory Auditors of the Company and to authorize the Board to fix their remuneration.

### Special Business:

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

**"RESOLVED THAT** in accordance with the provisions of section 372A and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company, be and is hereby, accorded to the Board of Directors of the Company for having provided guarantee to the following in respect of loans advanced by the Bank/Financial Institution to the company's subsidiary Company, M/s Kamla Retail Limited, notwithstanding that the aggregate amount of all investments/loans/securities/guarantees together with the below mentioned guarantee exceeds 60% of the aggregate of paid up capital and free reserves or 100% of the free reserves, whichever is higher, of the Company:-

S.no.	Name of the Bank/Financial Institution	Amount of Corporate Guarantee given (Rs. in Lacs)
1.	Jammu and Kashmir Bank Limited	1900.00
2.	India Infoline Investment Services Limited	300.00

**RESOLVED FURTHER THAT** all acts, deeds and things as may have been done by the Board of Directors of the Company, be and are hereby, ratified and confirmed and shall be binding on the Company in all respects."

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

**“RESOLVED THAT** pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “SEBI Guidelines”) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include a Committee of Directors constituted in this respect), to create, offer and grant from time to time, upto 1,10,000 (One lac ten thousand) stock options in aggregate, to eligible employees, including any Director of the Company, whether whole time or otherwise(except to the promoter director and their relatives), under “KDDL Employee Stock Option Plan– 2011” hereinafter referred to as the “ESOP 2011”; each option would be exercisable for one Equity share of a face value of Rs. 10 (ten) each fully paid-up on payment of the exercise price to the Company in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or SEBI guidelines or any directions issued by the other regulatory authorities.

**RESOLVED FURTHER THAT** the Board, be and is hereby authorised to issue and allot Equity shares to the eligible employees and Directors of the Company upon exercise of options from time to time in accordance with ‘ESOP 2011’ and such Equity shares shall rank pari passu in all respects with the then existing shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues and others, if any, additional Equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 1,10,000 Equity shares shall be deemed to be adjusted in a manner such that the Total value of the ESOP remains the same after the corporate action.

**RESOLVED FURTHER THAT** in case the Equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the ‘ESOP 2011’ shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per Equity share bears to the revised face value of the Equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** the Board, be and is hereby authorised to take necessary steps for listing of the shares allotted under the ‘ESOP 2011’ on the Stock Exchange, where the shares of the Company are listed and to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any questions, difficulty or doubt that may arise in regard thereto.

**RESOLVED FURTHER THAT** the Board, be and is hereby authorised to make modifications, changes, variations, alterations or revisions or re-pricing of the exercise price which should not be detrimental to the interest of the employees in the said 'ESOP 2011' as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws without seeking any further approval from the members of the Company in this regard."

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

**"RESOLVED THAT** the benefits of the 'ESOP 2011' proposed under resolution number 7 of this notice and as approved by the members, be extended to such present and future permanent employees including any Director whether whole time or otherwise (except to the promoter director and their relatives), of such subsidiary companies of the Company, as may be decided by the Board."

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

**"RESOLVED THAT** Consent of the Company, be and is hereby accorded for the number of options proposed under resolution number 7 of this notice that may be granted to eligible employees, including any Director of the Company, whether whole time or otherwise (except to the promoter director and their relatives) in any financial year under the 'ESOP 2011' and in aggregate, shall exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of the grant of options."

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII and all other applicable provisions of the aforesaid Act and subject to the necessary approval from the Statutory authorities and the Financial Institutions, if necessary, the consent of the Company, be and is hereby, accorded to the re-appointment of Mr. R K Saboo as the Chairman of the Company, w. e. f. 1<sup>st</sup> December, 2010, for a further period of three years, i.e., upto 30<sup>th</sup> November, 2013, upon terms and conditions as set out in the Explanatory Statement appended herewith, with a liberty to the Board to alter and vary any of the terms and conditions of the said appointment and/or agreement, if any, entered into with Mr. R K Saboo so as not to exceed the limit specified in Schedule XIII of the Companies Act, 1956, or any amendment thereto."

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII and subject to

the approval of the Central Government and such other statutory authorities, if any, as may be required, the consent of the Company, be and is hereby, accorded to the re-appointment of Mr. Yashovardhan Saboo as the Managing Director with functional designation of Chief Executive Officer of the Company, w. e. f. 1<sup>st</sup> April, 2011, for a further period of three years, i.e., up to 31<sup>st</sup> March, 2014, upon terms and conditions as set out in the Explanatory Statement appended herewith, with a liberty to the Board to alter and vary any of the terms and conditions of the said appointment and/or agreement, if any, entered into with Mr. Yashovardhan Saboo, after incorporating changes prescribed by the Central Government and acceptable to Mr. Yashovardhan Saboo and the Board.”

**By Order of the Board  
For KDDL Limited**

**Date: 17.08.2011  
Place: Chandigarh**

**(P.K. Goyal)  
Company Secretary**

**NOTES:-**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE ON HIS/HER BEHALF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special businesses of the Notice, as set out above, is annexed hereto.
3. Members are requested to bring their copy of the Annual Report to the meeting and Members/proxies should fill the attendance slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID nos. and those who hold the shares in physical form are requested to write their Folio nos. in the Attendance Slips for attending the Meeting.
4. KDDL Limited is not including the financial statements and other details of its subsidiaries viz. Kamla Retail Limited, Himachal Fine Blank Limited, Mahen Distribution Limited and Pylania S A, in its financial statements in terms of exemption granted by the Ministry of Corporate Affairs under General Circular 2/2011 dated February 8, 2011. However, annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of KDDL Limited or its subsidiary companies seeking such information at any point of time on specific request in writing to the Company. The Annual Accounts of the subsidiary companies are open for inspection at the Registered Office of KDDL Limited and the registered offices of the respective subsidiary companies upto the date of Annual General Meeting on any working day.

5. During the current financial year 2011, the Company will be required to transfer to "Investor Education and Protection Fund", the unpaid/unclaimed Dividend for the year ended March 31, 2004 under section 205A of the Companies Act, 1956.

Those members who have not encashed their dividend warrants so far for the financial year ended 31<sup>st</sup> March, 2004 or any subsequent years are requested to immediately return the outdated warrants to the Company to enable the Company to issue Demand Drafts in lieu thereof. Otherwise no claim shall lie against the Company or the said fund in respect of individual amounts which remained unclaimed or unpaid for a period of seven years from the date of payment and no payment shall be made in respect of any such claims.

6. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend. Dividend will be credited to the member's bank account wherever complete core banking details are available with the Company. In cases where the core banking details are not available, dividend warrants will be issued to the members with bank details printed thereon as available in the Company's records.

In order to prevent fraudulent encashment of the dividend warrants, the members of the Company holding shares in physical form are requested to inform their complete bank account details alongwith a Xerox copy of the cheque to the share department of the Company.

7. The Register of Members and Share Transfer books of the Company will remain closed from 8.9.2011 to 15.9.2011 (both days inclusive) for the purpose of payment of Dividend, if approved by the Members.
8. Members having any queries relating to the Annual Report are requested to send their questions to the Registered Office of the Company at least seven days before the date of the Annual General Meeting.
9. The equity shares of the Company have been dematerialized w. e. f. 24<sup>th</sup> May, 2001. The ISIN No. of the Company is INE291D01011. The Company has tied up with the National Securities Depository Limited and Central Depository Services (I) Limited. In case your shares are in physical form, we also urge you to have your shares dematerialized by approaching Depository Participant of your choice. Please intimate change of address if any to your depository participants if holding shares in dematerialized form and directly to the Registrar in case of holding in physical form.

- 10. The Ministry of Corporate Affairs (vide Circular No. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed Companies to send documents to its shareholders through an electronic mode. Members are requested to support this green initiative by registering/ updating their E-MAIL ADDRESSES, in respect of shares held in dematerialized form with their respective depository participants and in respect of shares held in physical form by filling the E-Communication Registration Form attached with this Annual Report & sending the same to the Share Transfer Agent of the Company namely Karvy Computershare Private Limited, 17-24, Vithal Rao Nagar, Madhapur, Hyderabad 500 081**

# KDDL Limited

Regd. Office: Plot 3, Sector III, Parwanoo, 173 220 (H.P.)

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## E-Communication Registration Form

Folio No/DP ID & Client ID.....

Name of the First Registered Holder.....

Name of Joint Holder(s).....

Registered Address.....

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E-Mail ID (to be registered).....

I/We shareholder(s) of the KDDL Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail in your records for sending communications through e-mail.

Date:

.....

(Signature of the First Holder)

Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address given above.

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## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

As required by Section 173 of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the businesses mentioned under Item Nos. 6 to 11 of the accompanying notice dated 17.08.2011

### **Item No. 6**

The Company has executed the following Corporate Guarantees under section 372A of the Companies Act, 1956, in favour of bank/financial institution for credit facilities availed by M/s Kamla Retail Limited, subsidiary company:

1. Jammu and Kashmir Bank had sanctioned term loan and cash credit facility aggregating to Rs. 19,00,00,000/- (Rupees nineteen crores only) being availed by the subsidiary company namely, M/s Kamla Retail Limited, for which the Board of Directors approved execution of Corporate Guarantee in favour of the Bank at its Board meeting held on 2<sup>nd</sup> November, 2010.
2. India Infoline Investment Services Limited had sanctioned a Home Equity Loan of Rs. 3,00,00,000/- (Rupees three crores only) being availed by the subsidiary company namely, M/s Kamla Retail Limited, for which the Board of Directors approved execution of Corporate Guarantee in favour of the financial institution at its Board meeting held on 28<sup>th</sup> July, 2011.

In view of the urgency of the matter, the Board of Directors accorded its consent for the execution of the aforesaid guarantees pursuant to the proviso 2 to sub-section (1) of Section 372A of the Companies Act, 1956.

Your approval is being sought by way of special resolution for ratification and confirmation of the aforesaid guarantees.

None of the Directors is concerned or interested in the resolution.

The Directors recommend the resolution for your approval.

### **Item No 7, 8 & 9**

The objective of "KDDL Employee Stock Option Plan-2011"(ESOP 2011), is to provide an incentive to attract and retain Employees performing services as well as to motivate them to contribute to the growth and profitability of the Company (including subsidiary companies). The Company views Employee Stock Option as an instrument that would enable the employees to share the value they create for the Company in the years to come.

The main features of the 'ESOP 2011' are as under:

**1. Total number of Options:**

1,10,000 options convertible into 1,10,000 Equity Shares of the Company would be available for being granted to eligible employees of the Company and its subsidiaries companies under ESOP 2011. Each option when exercised would be converted into one Equity share of Rs. 10 each fully paid up.

Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation of the employee or otherwise, would be available for being re-granted at a future date. The Board is authorised to re-grant such lapsed/cancelled options as per the 'ESOP 2011'.

SEBI Guidelines require that in case of any of corporate action(s) such as rights issues, bonus issues and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, pro-rata adjustments would be made as per 'KDDL ESOP 2011' in a manner such that the total value of the ESOP remains the same after the corporate action.

**2. Identification of classes of employees entitled to participate in the ESOP 2011:**

Employees selected by Compensation Committee are entitled to participate in the ESOP 2011 subject to SEBI Guidelines regarding coverage under "Employee":

"Employee(s)" means :

(a) a permanent employee of the company working in India or out of India; or

(b) a director of the company, whether a whole time director or not; or

(c) an employee as defined in sub-clauses (a) or (b) of a subsidiary Companies, in India or out of India, or of a holding company of the Company

But shall exclude:

- a. an employee who is a promoter or belongs to the Promoter Group
- b. an employee who is director who holds either by himself or through his relative or through any body corporate, directly or indirectly, more than 10% of the outstanding equity shares of the Company.

**3. Transferability of employee stock options:**

The options granted to the employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

In the event of death of employee while in employment, all the option granted to him till such date shall vest in the legal heirs or nominees of the deceased employee & shall be exercised within six months thereof.

In case the employee suffers a permanent incapacity while in employment, all the option granted to him as on the date of permanent incapacitation, shall vest in him on that day and shall be exercised within six months thereof.

**4. Requirements of vesting and period of vesting:**

- A) 50% of the options granted to the selected employee shall vest on 1<sup>st</sup> April, 2014 in case there is continuation of his service till the date of vesting.
  
- B) 50% of the options granted to the selected employee shall vest on the date when the turnover of the company without excise duty exceeds Rs. 150 (One hundred and fifty cores) Crores,

However there shall remain a gap of minimum one year between the date of grant and the date of vesting. The compensation committee shall declares such date as and when it is triggered.

**5. Exercise price:**

The Options would be granted on the date of grant at the market price or such other price as the Board of Directors/Compensation Committee may determine in accordance with the regulations and guidelines prescribed by SEBI or other relevant authorities from time to time subject however that such exercise price shall not be detrimental to the interest of the employee

**6. Exercise period and the process of exercise:**

The Employees Stock Options granted shall be capable of being exercised within a period of six months from the date of vesting of the respective Employee Stock Options. The employee or his nominee (wherever applicable) may exercise all options vested in him at one time or at various points of time within the exercise period.

The options shall be deemed to have been exercised when an employee makes an application in writing to the Company alongwith the application money equal to the value of the options at the specified exercise price for the issuance of equity Shares against the stock options vested in him. The options will lapse if not exercised within the specified exercise period.

**7. Appraisal process for determining the eligibility of the employees to ESOP 2011:**

The options shall be distributed essentially on the basis of performance of an employee and the individual entitlement shall be decided by the Compensation Committee.

**8. Disclosure and accounting policies:**

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI guidelines.

**9. Maximum number of options to be issued per employee and in aggregate:**

The number of options that may be granted to any specific employee under the ESOP 2011 shall not exceed 12000 options per grant and 110000 options in aggregate.

**10. Method of Option Valuation:**

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the Options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Director's Report.

Clause 6.1 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 requires that any ESOP Scheme offering stock options to employees must be approved by the shareholders by way of Special Resolution. Furthermore as the scheme will entail further shares to be issued to the person other than existing shareholders of the Company, consent of the shareholders is required by way of a Special Resolution pursuant to the provisions of the Section 81(1A) of the Companies Act, 1956.

Clause 6.3(a) of the SEBI Guidelines requires a separate resolution to be passed if the benefits under the scheme are also to be extended to the employees of subsidiary companies. A resolution is proposed accordingly under item no 8, to cover the employees including any Director whether whole time or otherwise (except to the promoter director and their relatives). The aggregate number of options to be offered to the employees of the subsidiary companies under resolution no. 8 will also be within the overall limit of 1,10,000 (One lac ten thousand) as stated above.

Clause 6.3(b) of the SEBI Guidelines also requires a separate resolution to be passed in case of grant of options to identified employees, 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 of option. As the aggregate number of options shall exceed 1% of the Issued capital of the Company, so consent of the shareholders is required by way of special resolution pursuant to the above provision.

A copy of the ESOP Scheme mentioned above is available for inspection at the Registered Office of the Company during normal business hours upto 15.09.2011.

None of the Directors of the Company are in any way, concerned or interested in the Resolutions, except to the extent of any options that may be offered to them under the 'ESOP 2011'.

The Board recommends above Resolutions mentioned at S. No. 7, 8 & 9 for the approval of the shareholders.

## **Item Nos. 10 and 11**

As required by Section 173 of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the businesses mentioned under Item Nos.10 and 11 of the notice.

### **Item No.10**

The Board of Directors at its meeting held on 2<sup>nd</sup> November, 2010, has re-appointed Mr. R K Saboo as Chairman of the Company, w.e.f., 1<sup>st</sup> December, 2010 for a further period of three years i.e., upto 30<sup>th</sup> November, 2013.

The particulars of general information required under Part II of Schedule XIII of the Companies Act, 1956 are annexed.

The terms and conditions relating to remuneration of Mr. R K Saboo as approved by the Remuneration Committee are given below:

**I. Salary** : Rs. 1, 25,000/- per month (with an annual increment of 10%)

**II. Perquisites** :

1. Fully furnished accommodation with reimbursement of charges for water, electricity and gas expenses, or HRA @ 50% of salary, in case no accommodation is provided.
2. Medical reimbursement : Expenses incurred by him and his family, subject to the ceiling of one month's salary in a year or three month's salary over a period of three years.
3. Personal Accident Insurance and / or Medical Insurance.
4. Club Fees.

That the above salary and perquisites are subject to the maximum ceiling under Schedule XIII of the Companies Act, 1956.

**III.** He shall also be eligible to the following perquisites which shall, however, not be included in the computation of the ceiling on remuneration, specified in Part II of Schedule XIII:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
2. Gratuity payable as per the rules of the Company.
3. Earned Leave: Encashment of un-availed earned leave as per the Company's rules at the end of the tenure.

**IV.** Provision of Car(s) for use on Company's business and telephone(s) or mobile phone(s) at residence will not be considered as perquisites. Personal long distance calls on telephone, if any, for private purpose shall be billed by the Company and recovered through his imprest from time to time.

In the event of absence or inadequacy of profits during the period, Shri R. K. Saboo shall be paid the above remuneration as minimum remuneration subject to the limits prescribed under section II, Part II (B) of the Schedule XIII to the Companies Act, 1956.

The Explanatory Statement together with the notice may be treated as an abstract of the terms of Agreement and Memorandum of interest under section 302 of the Companies Act, 1956.

None of the Directors, except Mr. R.K. Saboo and Mr. Yashovardhan Saboo, is in any way, concerned or interested in the resolution.

Your Directors recommend this resolution for your approval.

#### **Item No. 11**

The Board of Directors at its meeting held on 2<sup>nd</sup> November, 2010, has re-appointed Mr. Yashovardhan Saboo as Managing Director with the functional designation of Chief Executive Officer, w.e.f. 1<sup>st</sup> April, 2011 for a further period of three years i.e., upto 31<sup>st</sup> March, 2014.

The particulars of general information required under Part II of Schedule XIII of the Companies Act, 1956 are annexed.

The terms and conditions relating to remuneration of Mr. Yashovardhan Saboo as approved by the Remuneration Committee are given below:

**I. Salary** : Rs. 2, 20,000/- per month (with an annual increment of 10%)

#### **II. Perquisites :**

1. Fully furnished rent free accommodation.
2. Reimbursement of charges for water, electricity and gas expenses, subject to maximum of Rs. 7,20,000/- per annum.
3. Medical reimbursement : Expenses incurred by him and his family, subject to the ceiling of one month's salary in a year or three month's salary over a period of three years.
4. Personal Accident Insurance and / or Medical Insurance.
5. Club Fees for two clubs.
6. Bonus (including any other perquisites) : Maximum Rs. 20,00,000/-, based on performance as per parameters to be fixed from time to time by the Remuneration Committee or the Board of Directors.

Note: Expenditure incurred by Company on Gas, Electricity, Water, Furnishings shall be valued as per Income Tax Rules, 1962.

**III.** He shall also be eligible to the following perquisites which shall, however, not to be included in the computation of the ceiling on remuneration, specified in Part II of Schedule XIII:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company.
  2. Gratuity payable as per the rules of the Company.
  3. Earned Leave: Encashment of un-availed earned leaves as per the Company's rules at the end of each year on his request or at the end of the tenure.
- IV.** Provision of Car(s) for use on Company's business and telephone(s) or mobile phone(s) at residence will not be considered as perquisites. Personal long distance calls on telephone, if any, for private purpose shall be billed by the Company and recovered through his imprest from time to time.

In the event of absence or inadequacy of profits during the period, Shri R. K. Saboo shall be paid the above remuneration as minimum remuneration subject to the limits prescribed under section II, Part II (C) of the Schedule XIII to the Companies Act, 1956.

The Explanatory Statement together with the notice may be treated as an abstract of the terms of Agreement and Memorandum of interest under section 302 of the Companies Act, 1956.

None of the Directors, except Mr. R.K. Saboo and Mr. Yashovardhan Saboo, is in any way, concerned or interested in the resolution.

Your Directors recommend this resolution for your approval.

**By Order of the Board  
For KDDL Limited**

**Date: 17.08.2011  
Place: Chandigarh**

**(P.K. Goyal)  
Company Secretary**

**DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN ANNUAL GENERAL MEETING TO BE HELD ON 15.09.2011**

<b>Name of the Director</b>	<b>:</b>	<b>Mr. Jagesh Khaitan</b>
<b>Date of Birth</b>	<b>:</b>	10.02.1945
<b>Date of first Appointment</b>	<b>:</b>	26.02.1990
<b>Qualification and experience in specific functional areas</b>	<b>:</b>	Graduate and having over 42 years of experience in edible oil industry. He is also associated with various trade associations and Chamber of Commerce and Industry. He is Chairman and Managing Director of ABC Paper Limited, a large agro based Paper Mill in Punjab.
<b>List of companies in which outside Directorships held</b>	<b>:</b>	ABC Paper Limited Purple Entertainment Limited

		Elegant Conreal Private Limited Ambalica Enterprises Private Limited Amrit Enterprises Private Limited.		
<b>Chairman/Member of the Committees of the Board of the Company</b>	:	Audit Committee		Member
		Compensation Committee		Member
<b>Chairman/Member of the Committees of Board of other companies in which he is a Director</b>	:	ABC Paper Ltd	Finance Committee	Chairman
		ABC Paper Ltd	Shareholders'/Investors Grievance Committee	Member
		ABC Paper Ltd	Security Transaction Committee	Chairman
		ABC Paper Ltd	Audit Committee	Member

<b>Name of the Director</b>	:	<b>Mr. Anil Khanna</b>		
<b>Date of Birth</b>	:	20.03.1959		
<b>Date of 1st Appointment</b>	:	22.12.2004		
<b>Qualification and Experience in specific functional areas</b>	:	<p>Chartered Accountant Information System Auditor (DISA) from ICAI, New Delhi Bachelor of Arts (Economics, Mathematics) He is a Certified Arbitrator by the Institute of Chartered Accountants of India, has been certified as Business Counsellor by Entrepreneur Development Institute (EDI), Ahmadabad. He is in practice and has over 28 years of post qualification experience in Corporate audits, taxation and management consultancy. He has worked in SAP, Mfg Pro, JD Edworks Environment and has chaired implementation of Microsoft Navision –ERP.</p>		
<b>List of Companies in which outside Directorship held</b>	:	Himachal Fine Blank Limited Kamla Retail Limited		
<b>Chairman/Member of the Committees of the Board of the Company</b>	:	Audit Committee		Member
		Remuneration Committee		Member
		Shareholders'/Investors' Grievance Committee		Chairman
		Compensation Committee		Member
<b>Chairman/Member of the Committee of Board of other companies in which he is a Director</b>	:	Kamla Retail Limited	Audit Committee	Chairman

**Statement giving information required under Part-II Section-II(B) & II(C) - Sub-Clause (iv) to the Schedule XIII of the Companies Act, 1956 for payment of remuneration to Mr. R. K Saboo, Chairman and Mr. Yashovardhan Saboo, Chief Executive Officer of the Company**

<b>I. General Information</b>	<b>Remarks</b>										
(1) Nature of Industry	The Company operates in light engineering industry and is engaged principally in manufacture of watch components.										
(2) Date or expected date of commencement of commercial production	Commercial production started in 1983.										
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.										
(4) Financial performance based on given indicators	<p>The financial performance is given in the enclosed Balance Sheet and Profit and Loss Account of the Company. The performance of the Company as on 31.03.2011 are given below</p> <p style="text-align: right;"><b>(Rs. in Million as on 31.03.2011)</b></p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Net Worth</td> <td style="text-align: right;">391.35</td> </tr> <tr> <td>Turnover (gross)</td> <td style="text-align: right;">819.42</td> </tr> <tr> <td>Net profit after tax</td> <td style="text-align: right;">65.79</td> </tr> <tr> <td>Dividend declared</td> <td style="text-align: right;">30%</td> </tr> </table>	Net Worth	391.35	Turnover (gross)	819.42	Net profit after tax	65.79	Dividend declared	30%		
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Turnover (gross)	819.42										
Net profit after tax	65.79										
Dividend declared	30%										
(5) Export performance and net foreign exchange collaborations	FOB value of export and earnings in foreign exchange during the financial year ended 31.03.2011 was Rs. 421 million.										
(6) Foreign investments or collaborators, if any	<p>There is no foreign technical collaboration in operation at present. Investment by financial collaborators at present is as under :</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: right;"><b>Shares of Rs. 10/-</b></td> </tr> <tr> <td style="padding-right: 20px;">1.Radexpo AG</td> <td style="text-align: right;">2,10,000</td> </tr> <tr> <td style="padding-right: 20px;">Total</td> <td style="text-align: right;">-----</td> </tr> <tr> <td></td> <td style="text-align: right;">2,10,000</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> </table>	<b>Shares of Rs. 10/-</b>		1.Radexpo AG	2,10,000	Total	-----		2,10,000		-----
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Total	-----										
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	-----										
<b>II. Information about the Appointee</b>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;">Mr. R K Saboo, Chairman</td> <td style="width: 50%; vertical-align: top;">Mr. Yashovardhan Saboo, CEO</td> </tr> </table>	Mr. R K Saboo, Chairman	Mr. Yashovardhan Saboo, CEO								
Mr. R K Saboo, Chairman	Mr. Yashovardhan Saboo, CEO										
(1) Background details	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;">He is B.Sc. and has vast experience of 52 Years. He is a promoter director and is with the Company</td> <td style="width: 50%; vertical-align: top;">He is BA (Hons.), PGDBM (IIMA) and has vast experience of 30 years. He is a promoter director and is with the</td> </tr> </table>	He is B.Sc. and has vast experience of 52 Years. He is a promoter director and is with the Company	He is BA (Hons.), PGDBM (IIMA) and has vast experience of 30 years. He is a promoter director and is with the								
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	since inception.	Company since inception.
(2) Past remuneration		
Salary	11,00,000	18,00,000
Perquisites	12,02,441	10,25,643
Performance Bonus	--	10,00,000
<b>Total</b>	<b><u>23,02,441</u></b>	<b><u>38,25,643</u></b>
(3) Recognition or awards	<ol style="list-style-type: none"> <li>1. Degree of Doctorate by Panjab University, Chandigarh was conferred by the President of India in 2007.</li> <li>2. "Padma Shri" award was conferred by the President of India in March, 2006.</li> <li>3. Degree of Doctor of Letters (Honoris Causa) was conferred by H.N. Bahuguna Garhwal University, Srinagar, Uttranchal in 2006.</li> <li>4. Udyog Ratna in 2005.</li> <li>5. Punjab Ratna in 2005.</li> <li>6. Trustee Chairman of the Rotary Foundation 1994-1996.</li> <li>7. World President, Rotary International during 1991-1992. (He is the only Indian to hold these two positions in Rotary)</li> </ol>	<p>He has been conferred with "Udyog Ratna" Award by PHDCCI in 2005.</p> <p>Chairman, CII, Chandigarh in 2002</p>
(4) Job profile and his suitability	He is the Chairman of the Company and is responsible for strategic decisions and planning	He is overall incharge of the Company as Chief Executive Officer and looks after new initiatives/ expansion projects and export growth.
(5) Remuneration proposed	Proposed remuneration is for three years starting from 1 <sup>st</sup> December, 2010. Details given in the explanatory statement of the accompanying notice.	Proposed remuneration is for three years starting from 1 <sup>st</sup> April, 2011. Details given in the explanatory statement of the accompanying notice.
(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be	Remuneration package is commensurate with his competence and responsibility in the Company and also with remuneration paid by comparable companies for similar positions.	Remuneration package is commensurate with his competence and responsibility in the Company and also with remuneration paid by comparable companies for similar positions.

w.r.t. the country of his origin).

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. He is the promoter director and also father of Chief Executive Officer of the Company. He is a director in the Company since 1981 and also son of the Chairman of the Company.

### III. Other Information:

- (1) Reasons of loss or inadequate profit During the financial year ending on 31.03.2010, the Company's sales and export orders were badly affected due to the world wide slow down, especially in Europe and USA. But during the current year ending on 31.03.2011, the Company has recovered from the above said slow down and has achieved adequate profitability as stated in Clause (l)(4) above.
- (2) Steps taken or proposed to be taken for improvement Optimum utilization of resources coupled with better budgetary controls has contributed significantly in the growth of the Company.
- (3) Expected increase in productivity and profits in measurable terms The Company anticipates an appreciable rise in the profits with the revival of the economy and better market conditions in the international scenario. As on 30.06.2011 the Company has achieved a growth rate of 38.49 % in the turnover of the Company over the previous quarter in the last year and hopes to do well in the current year.

### IV. Disclosures:

- (1) The shareholders of the Company shall be informed of the remuneration package of the managerial person. The details of remuneration packages of Mr. R. K. Saboo and Mr. Yashovardhan Saboo are enclosed in the explanatory statement of the accompanying notice.
- (2) Disclosures required to be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report. Necessary particulars of remuneration under required heads of all Working Directors are given in Corporate Governance Report forming part of the Director's Report for the year 2010-11