

KDDL LIMITED

BALANCE SHEET AS AT 31ST MARCH 2011

(Amount in Rupees)

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	78,583,100	74,363,600
Reserves and surplus	2	299,799,559	249,816,010
Equity share warrants (refer note 5 of schedule 18)		12,972,913	-
		<u>391,355,572</u>	<u>324,179,610</u>
Loan funds			
Secured loans	3	222,284,527	265,946,453
Unsecured loans	4	92,626,000	78,155,000
		<u>314,910,527</u>	<u>344,101,453</u>
Deferred tax liability (net) (refer note 5 of schedule 18)		<u>39,832,022</u>	<u>31,939,182</u>
		<u>746,098,121</u>	<u>700,220,245</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	786,963,310	736,753,109
Less : Accumulated depreciation and amortisation		392,565,360	353,905,304
Net block		394,397,950	382,847,805
Capital work-in-progress, including capital advances		9,399,024	8,152,213
		<u>403,796,974</u>	<u>391,000,018</u>
Investments	6	136,424,695	129,739,195
Current assets, loans and advances			
Inventories	7	141,292,913	119,717,937
Sundry debtors	8	166,862,462	115,063,069
Cash and bank balances	9	17,276,012	10,377,321
Interest accrued but not due on deposits		616,408	759,255
Loans and advances	10	76,254,324	63,697,968
		<u>402,302,119</u>	<u>309,615,550</u>
Less : Current liabilities and provisions			
Current liabilities	11	150,445,546	112,171,556
Provisions	12	45,980,121	17,962,963
		<u>196,425,667</u>	<u>130,134,519</u>
Net Current assets		<u>205,876,452</u>	<u>179,481,032</u>
		<u>746,098,121</u>	<u>700,220,245</u>
Significant accounting policies	17		
Notes to the financial statements	18		

The schedules referred to above form an integral part of the financial statements.

On behalf of the Board of Directors

R.K. SABOO

Chairman

Y. SABOO

Chief Executive Officer

S.K. MASOWN

Chief Financial Officer

P.K.GOYAL

Company Secretary

Place : Chandigarh

Dated : 28 July 2011

This is the Balance Sheet referred to in our report of even date.

For **Walker, Chandio & Co.**

Chartered Accountants

Place : New Delhi

Dated : 28 July 2011

per **B.P. Singh**

Partner

Membership No.70116

KDDL LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011**

(Amount in Rupees)

	Schedule	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Gross operating income	13	803,670,477	546,564,707
Less: Excise duty		29,170,953	22,397,135
Net operating income		774,499,524	524,167,572
Other income	14	44,926,134	13,029,356
		819,425,658	537,196,928
EXPENDITURE			
Manufacturing, administrative and selling expenses	15	649,131,393	506,528,058
Profit before interest and depreciation		170,294,265	30,668,871
Finance cost	16	45,214,580	39,326,783
Profit/(Loss) before depreciation		125,079,685	(8,657,913)
Depreciation and amortisation	5	39,796,523	38,865,065
Profit/(Loss) from operations before tax		85,283,162	(47,522,978)
Provision for Tax			
– Current tax		17,142,334	–
– Minimum Alternate Tax credit entitlement		(2,595,125)	–
– Deferred tax Charge/(Credit)		7,892,840	(13,715,839)
Profit/(Loss) after tax		62,843,113	(33,807,139)
Balance brought forward from previous year		2,956,682	36,763,821
Profit available for appropriation		65,799,795	2,956,682
Appropriations :			
Proposed dividend		22,245,341	–
Tax on proposed dividend		3,694,673	–
Transfer to general reserve		6,284,311	–
Surplus carried to balance sheet		33,575,470	2,956,682
		65,799,795	2,956,682
Earnings/(Loss) per share			
Basic		8.48	(4.60)
Diluted		8.48	(4.60)
(Refer note 11 of schedule 18)			
Significant accounting policies	17		
Notes to the financial statements	18		

The schedules referred to above form an integral part of the financial statements.

On behalf of the Board of Directors

R.K. SABOO
Chairman

Y. SABOO
Chief Executive Officer

S.K. MASOWN
Chief Financial Officer

P.K. GOYAL
Company Secretary

Place : Chandigarh
Dated : 28 July 2011

This is the Profit and Loss Account referred to in our report of even date.

For **Walker, Chandio & Co.**
Chartered Accountants

Place : New Delhi
Dated : 28 July 2011

per **B.P. Singh**
Partner
Membership No.70116

KDDL LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

(Amount in Rupees)

	Year ended 31 March 2011	Year ended 31 March 2010
A. Cash flow from operating activities:		
Net profit/(Loss) before tax	85,283,162	(47,522,978)
Adjustments for :		
Depreciation	39,796,523	39,368,269
Loss on sale/disposal of fixed assets (net)	550,524	1,953,066
Provision for doubtful debts	977,396	405,865
Provision written back	(12,856,843)	(34,888)
Bad debts written off	511,408	251,938
Provision for other than temporary diminution in value of investments	-	12,345,435
Investments written off	12,345,435	-
Dividend income	(250,000)	(120,000)
Liabilities written back	(794,914)	(697,979)
Interest expense	41,846,800	36,809,868
Interest income	(1,162,927)	(2,372,844)
Operating profit before working capital changes	166,246,564	40,385,752
Adjustments for movement in:		
Trade and other receivables	(64,705,031)	23,035,659
Inventories	(21,574,976)	10,394,951
Trade and other payables	38,269,843	(34,446,039)
Income Tax Paid	(14,663,915)	(1,178,572)
Net cash generated from operating activities	103,572,485	38,191,751
B. Cash flow from investing activities:		
Purchase of fixed assets	(53,629,298)	(28,893,477)
Proceeds from sale of fixed assets	485,296	2,548,199
Movement in restricted cash	157,548	2,115,746
Interest received	1,305,774	2,144,182
Dividend received from associate	250,000	120,000
Investment in subsidiaries	(7,196,908)	(2,000,000)
Net cash utilised in investing activities	(58,627,588)	(23,965,351)
C. Cash flow from financing activities:		
Proceeds from issue of share capital (including premium, on conversion of warrants)	17,299,950	-
Issue of share warrants on preferential basis (yet to be converted into shares)	12,972,913	-
Movement in deposits received from public (net)	21,671,000	20,450,000
Proceeds from other long term borrowings	11,220,402	10,848,009
Repayment of long term borrowings	(63,843,105)	(6,132,378)
Proceeds/(repayment) of short term borrowings (Net)	1,760,777	(6,965,076)
Interest paid	(38,970,595)	(35,493,725)
Net Cash utilised in financial activities	(37,888,658)	(17,293,170)
Net increase/(decrease) in cash and cash equivalents	7,056,239	(3,066,769)
Opening cash and cash equivalents	9,258,798	12,325,568
Closing cash and cash equivalents	16,315,037	9,258,798
Note:		
Cash and cash equivalents include:		
Cash in hand	907,228	686,420
Balance with banks	15,407,809	8,572,378
	16,315,037	9,258,798
Excluding the following:		
- In equity dividend accounts	960,975	1,118,523
Balance as per books of account	17,276,012	10,377,321

The schedules referred to above form an integral part of the financial statements.

On behalf of the Board of Directors

R.K. SABOO
Chairman

Y. SABOO
Chief Executive Officer

S.K. MASOWN
Chief Financial Officer

P.K. GOYAL
Company Secretary

Place : Chandigarh

Dated : 28 July 2011

This is the Cash Flow Statement referred to in our report of even date.

For **Walker, Chandio & Co.**
Chartered Accountants

Place : New Delhi
Dated : 28 July 2011

per **B.P. Singh**
Partner
Membership No.70116

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

	As at 31 March 2011	As at 31 March 2010
Schedule - 1		
Share Capital		
Authorised		
12,000,000 (previous year 12,000,000) Equity shares of Rs. 10 each	120,000,000	120,000,000
Issued & subscribed		
7,945,450 (previous year 7,523,500) Equity shares of Rs. 10 each	79,454,500	75,235,000
Paid up :		
7,771,170 (previous year 7,349,220) Equity shares of Rs. 10 each fully paid*	77,711,700	73,492,200
Add : Forfeited shares	871,400	871,400
	78,583,100	74,363,600
*During the year, 421,950 equity share warrants have been converted into 421,950 equity shares of Rs. 10 each at a premium of Rs. 31 per share.		
Schedule - 2		
Reserves and surplus		
Capital reserves		
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
Securities premium account		
As per last balance sheet	134,336,650	134,336,650
Add: Amount received during the year	13,080,450	-
	147,417,100	134,336,650
General reserve		
As per last balance sheet	107,013,553	107,013,553
Add: Amount transferred from profit and loss account during the year	6,284,311	-
	113,297,864	107,013,553
Surplus in profit and loss account	33,575,470	2,956,682
	299,799,559	249,816,010
Schedule - 3		
Secured Loans		
Term loans from :		
– Bank of India (BOI)	58,025,411	64,171,789
– Industrial Development Bank of India (IDBI)	6,950,908	35,018,657
– Standard Chartered Bank (External commercial borrowing)	18,441,497	48,070,475
Working capital borrowings from :		
– Bank of India (BOI) on cash credit account	67,540,666	68,537,510
– Industrial Development Bank of India (IDBI) on cash credit account	23,500,958	6,235,252
– Standard Chartered Bank (SCB) on cash credit account	33,782,490	37,890,951
Others :		
– Vehicle loans	4,054,683	1,300,115
– Hire purchase finance	8,465,834	-
Buyers' credit loan from bank	1,522,080	4,721,704
	222,284,527	265,946,453

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

Notes :

- a) Term loans from BOI is secured by first charge on the entire fixed assets of Hands Unit at Bangalore and Dials Unit at Derabassi, ranking pari passu, and second charge on current assets (save and except book debts) of the Company, subject to the first charge in favour of Company's bankers for securing the working capital limits. This is further secured by way of first pari-passu mortgage charge on land & building of Derabassi unit. These loans are also guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company.
- b) Term Loan from IDBI is secured by first charge on all the Company's movable assets pertaining to its Derabassi & Hands unit of the Company (save and except book debts) including movable machinery, machinery spares, tools and accessories, present and future, subject to prior charges created and /or to be created in favour of the Company's bankers on the stock of raw materials, semi-finished and finished goods, consumable stores, book debts and such movables. It is also secured by way of an exclusive first charge on hypothecation of machinery /equipments, all movables pertaining to Eigen (Tool room) Unit, Bangalore and pari-passu mortgage charge on land and building and other fixed assets of Derabassi unit. It is also secured by hypothecation charge of machinery /equipments installed /to be installed out of proceeds of loan from IDBI in other than above units of the Company. This loan is also guaranteed by the chairman and Chief Executive Officer (CEO) of the Company.
- c) External commercial borrowing from SCB is secured by:
1. Hypothecation by way of first pari passu charge over the whole of fixed assets of the Company situated at Dials unit at Derabassi, Punjab; at Hands unit at Bangalore and at Eigen (Tool Room) unit at Bangalore, including its plant and machinery, machinery spares, tools and accessories and other movables, both present and future (save and except assets specifically charged to other lenders) whether installed or not and whether now lying loose or in cases or which are now lying or stored in or open or shall hereafter from time to time during the continuance of security of these present be brought into and or upon or to be stored or to be in or about all the borrower's factories, premises and godowns situated at Haibatpur Road, Saddomajra, Derabassi – 140 507, Punjab; at Plot No 296 – 297, 5th Main IV Phase, Peenya Industrial area Bangalore 560 058 and at plot no. 408, 4th Main, 11th Cross, Peenya Industrial area, Bangalore 560 058, the same will be or shall be held any party to the order or disposition of the Company or in the course of transit or on high seas or on order or delivery howsoever and wheresoever in the possession of the Company.
 2. Hypothecation by way of First Exclusive Charge over movable fixed assets of the company, consisting of plant and machinery, equipment and other movable fixed assets more particularly described in the Schedule prescribed in the agreement, acquired by utilization of the facility in the form of External Commercial Borrower, whether installed or not and whether now lying loose or in cases which are now lying or stored in or open at the Company Parwanoo Unit.
 3. All stock in trade both present and future consisting of Raw Material, finished goods, goods in process of manufacturing and other merchandise whatsoever and all present and future book debts, outstanding monies, receivables, claims, certain fixed deposits and bill etc shall be hypothecated to the bank by way of second charge on the pari passu basis. This loan is also guaranteed by the Chairman and Chief Executive Officer (CEO) of the Company.
- d) Working capital borrowings/limits from Bank of India (BOI), IDBI and SCB are secured by hypothecation of stocks of stores & spares, raw materials & components, finished goods & stocks-in-process and book debts and other assets of the Company (both present and future), on pari passu basis except Packaging Unit of the Company 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.
- e) Vehicle loans from banks are secured against hypothecation of specific vehicles purchased out of the proceeds of those loans.
- f) Hire purchase loans are secured by the assets acquired through such loans. Instalments due within one year Rs. 2,940,909 (previous year Rs. Nil).
- g) Instalments of term loans due within one year Rs. 36,387,657 (previous year Rs. 75,492,364).

(Amount in Rupees)

	As at 31 March 2011	As at 31 March 2010
Schedule - 4		
Unsecured Loans		
Deposits from public	87,126,000	65,455,000
Short term loans from others	-	10,000,000
Intercorporate Deposits	5,500,000	2,700,000
	<u>92,626,000</u>	<u>78,155,000</u>

Note : Deposits from public due within one year Rs. 29,875,000 (previous year Rs. 20,903,000)

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

SCHEDULE - 5 Fixed Assets

	As at 01.04.10	Gross Block		As at 31.03.11	Upto 31.03.10	Depreciation		As at 31.03.11	Net Block	
		Additions	Disposals Adjustments			Charge for the year	Adjustments		As at 31.03.11	As at 31.03.10
Tangibles										
Land										
- Leasehold	225,746	-	-	225,746	-	-	-	-	225,746	225,746
- Freehold	8,263,231	-	-	8,263,231	-	-	-	-	8,263,231	8,263,231
Buildings	104,561,946	3,025,494	-	107,587,440	28,134,464	9,599,789	-	37,734,253	69,853,187	76,427,482
Leasehold improvements	88,932	203,736	-	292,668	5,929	24,064	-	29,993	262,675	83,003
Plant & Machinery	545,213,669	34,652,308	933,770	578,932,207	281,159,916	23,657,223	625,435	304,191,704	274,740,503	264,053,753
Furniture & Office Equipment	54,020,893	5,013,937	122,640	58,912,190	34,350,592	2,817,521	172,738	36,995,375	21,916,815	19,670,301
Vehicles	16,224,410	3,959,980	934,346	19,250,044	6,702,265	1,605,068	338,294	7,969,039	11,281,005	9,522,145
Intangibles										
Know-how	2,320,722	4,404,000	-	6,724,722	193,394	1,405,931	-	1,599,325	5,125,397	2,127,328
Software	5,833,560	1,123,042	181,540	6,775,062	3,358,744	686,927	-	4,045,671	2,729,391	2,474,816
Total	736,753,109	52,382,497	2,172,296	786,963,310	353,905,304	39,796,523	1,136,467	392,565,360	394,397,950	382,847,805
Previous Year	731,217,977	29,341,038	23,805,906	736,753,109	333,841,674	39,368,269	19,304,639	353,905,304	382,847,805	-

Notes: 1. Depreciation during the year includes Rs.Nil (Previous year Rs.503,204) charged on Plant & machinery at EIGEN unit which was utilised for development of in-house tools. Accordingly, such amount has been capitalised under Plant & machinery.

2. Plant & machinery with a gross value of Rs.9,783,209 (previous year Rs.Nil), depreciation and accumulated depreciation of Rs.119,864 (previous year Rs.Nil) and net book value of Rs.9,663,345 (previous year Rs.Nil) included in the above statement have been acquired on hire purchase arrangement by the Company.

	As at 31 March 2011	As at 31 March 2010
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Schedule - 6

Investments

Long Term (unquoted)

Trade Investments

Subsidiaries

-	1,520,000 (previous year 1,520,000) equity shares of Rs. 10 each fully paid up of Himachal Fine Blank Limited	15,200,000	15,200,000
-	655 (previous year 1,000) equity shares of Swiss Franc (CHF) 1,000 each fully paid up of Pylania SA, Switzerland	23,438,435	35,783,870
-	Advance paid for 1,000 (previous year Nil) equity shares of Swiss Franc (CHF) 1,000 each fully paid up, of Pylania SA, Switzerland (these shares are pending allotment by Pylania SA, Switzerland)	4,685,500	-
-	6,887,418 (previous year 5,504,085) equity shares of Rs. 10 each fully paid up of Kamla Retail Limited (refer note 7 of schedule 18)	69,040,850	55,040,850
-	NIL (previous year 50,000) equity shares of Rs. 10 each fully paid up of Mahen Boutiques Limited (refer note 7 of schedule 18)	-	500,000
-	NIL (previous year 2,000,000) equity shares of Rs. 10 each, partly paid up Rs. 6.75 each of Mahen Boutiques Limited* (refer note 7 of schedule 18)	-	13,500,000
-	200,000 (previous year 200,000) equity shares of Rs. 10 each, fully paid up of Mahen Distribution Limited	2,000,000	2,000,000
Others (unquoted)			
-	51 (previous year 51) equity shares of Swiss Franc (CHF) 1,000 each fully paid up of Taratec SA, Switzerland	1,540,710	1,540,710
-	300,000 (previous year 300,000) equity shares of Rs. 10 each fully paid up of Kamla Tesio Dials Ltd.	3,000,000	3,000,000
-	1,239,420 (previous year 1,039,420) equity shares of Rs. 10 each fully paid up of Satva Jewellery and Design Limited	12,394,200	10,394,200
		131,299,695	136,959,630
Less :	Provision for diminution in the value of investment, other than temporary in Kamla Tesio Dials Ltd.	1,000,000	1,000,000
	Provision for diminution in the value of investment, other than temporary in Pylania SA, Switzerland	-	12,345,435
	Aggregate of trade investments	130,299,695	123,614,195

Non Trade Investments (unquoted)

-	10,000 (previous year 10,000) equity shares of Rs. 100 each fully paid up, of VBL Innovations Pvt. Limited	1,000,000	1,000,000
-	500,000 (previous year 500,000) equity shares of Rs. 10 each fully paid up of Karolview Developers Pvt Ltd.**	5,000,000	5,000,000
-	12,500 (previous year 12,500) equity shares of Rs. 10 each fully paid up of Shivalik Waste Management Limited	125,000	125,000
	Aggregate value of non trade investments	6,125,000	6,125,000
		136,424,695	129,739,195

* Nominal value of each share is Rs.10 out of which Rs. 3.25 per share is un-called money

** 490,000 (previous year 490,000) shares are pending allotment

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

	As at 31 March 2011	As at 31 March 2010
Schedule - 7		
Inventories		
(As taken, valued and certified by the management)		
Raw material and components	69,058,784	56,270,317
Stores and spares	17,004,804	14,410,851
Stock-in-process	43,844,529	39,564,694
Finished goods	5,776,672	8,908,989
Goods in transit	5,463,802	325,110
Scrap	144,322	237,976
	<u>141,292,913</u>	<u>119,717,937</u>
Schedule - 8		
Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
– considered good	6,216,721	25,246,750
– considered doubtful	4,615,028	4,149,040
	<u>10,831,749</u>	<u>29,395,790</u>
Other debts - considered good	160,645,741	89,816,319
	<u>171,477,490</u>	<u>119,212,109</u>
Less : Provision for doubtful debts	4,615,028	4,149,040
	<u>166,862,462</u>	<u>115,063,069</u>

Notes:

1. Amount due from Pylania S.A. Rs. 15,415,001 (previous year Rs. 5,921,626). Maximum amount due at any time during the year Rs. 15,415,001 (previous year Rs 8,502,843).
2. Amount due from Mahen Distribution Limited Rs. 289,769 (previous year Rs. Nil). Maximum amount due at any time during the year Rs. 289,769 (previous year Rs Nil).
3. Amount due from Kamla Retail Limited Rs. 172,494 (previous year Rs. Nil). Maximum amount due at any time during the year Rs. 201,126 (previous year Rs. Nil).

Schedule - 9

Cash and bank balances

Cash in hand	907,228	686,420
Balances with scheduled banks in		
– Current accounts	8,898,434	2,909,274
– Equity dividend accounts	960,975	1,118,523
– Fixed deposit accounts	6,509,375	5,663,104
	<u>17,276,012</u>	<u>10,377,321</u>

Schedule - 10

Loans and advances

(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	33,846,359	20,798,229
Loans and advances to subsidiaries & joint venture*	15,185,949	15,223,323
Balance with central excise authorities	2,509,512	3,205,031
Minimum alternate tax credit entitlement	2,899,189	304,064
Prepaid income taxes (net of provision aggregating to Rs. 21,158,335 (Previous Year Rs. 3,962,645)	17,701,915	20,180,334
Security and other deposits	4,111,400	3,986,987
	<u>76,254,324</u>	<u>63,697,968</u>

*Notes :

1. Amount due from Himachal Fine Blank Limited Rs 14,508,692 (Previous year Rs.14,000,000). Maximum amount due at any time during the year Rs. 15,240,113 (previous year Rs.14,712,333).
2. Amount due from Mahen Distribution Limited Rs.40,371 (Previous year Rs. 39,931). Maximum amount due at any time during the year Rs. 40,371 (previous year Rs. 6,000,000).
3. Amount due from Satva Jewellery & Design Limited Rs. 137,398 (Previous year Rs.1,183,452). Maximum amount due at any time during the year Rs. 1,298,843 (previous year Rs. 1,183,452).
4. Amount due from Pylania S.A. Rs. 499,488 (Previous year Rs. Nil). Maximum amount due at any time during the year Rs. 499,488 (previous year Rs. 3,090,855).

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

	As at 31 March 2011	As at 31 March 2010
Schedule - 11		
Current Liabilities		
Sundry creditors for goods, services and expenses		
Dues to Micro, Small & Medium Enterprises	-	-
Others	132,246,816	96,613,513
Other liabilities	5,219,949	4,448,764
Advances from customers	3,047,940	3,896,976
Interest accrued but not due on loans	8,969,985	6,093,780
Investor education and protection fund*	960,856	1,118,523
	<u>150,445,546</u>	<u>112,171,556</u>
* Not due for deposit		
Schedule - 12		
Provisions		
Employee benefits	13,507,970	12,225,334
Bonus	6,472,137	5,677,629
Proposed dividend	22,245,341	-
Tax on proposed dividend	3,694,673	-
Provision for Wealth Tax	60,000	60,000
	<u>45,980,121</u>	<u>17,962,963</u>
Schedule - 13		
Gross operating income		
Sale of goods	780,283,044	527,932,850
Miscellaneous sales	13,467,316	8,851,877
Job charges	698,735	1,713,902
Tool development charges	9,221,382	8,066,078
	<u>803,670,477</u>	<u>546,564,707</u>
Schedule - 14		
Other Income		
Liabilities no longer required, written back	794,914	697,979
Provisions written back	12,856,843	34,888
Export incentives	18,380,497	5,440,812
Lease rent*	600,000	600,000
Dividend Income	250,000	120,000
Foreign exchange fluctuation (net)	9,753,843	3,430,565
Interest income from subsidiaries**	1,750,400	1,749,999
Miscellaneous receipts	539,637	955,113
	<u>44,926,134</u>	<u>13,029,356</u>
*Tax deducted at source	60,000	107,800
**Tax deducted at source	350,000	373,338

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

	As at 31 March 2011	As at 31 March 2010
Schedule - 15		
Manufacturing, administrative and selling expenses		
Raw material consumed	201,690,579	140,142,804
Stores and spares consumed	56,392,969	47,158,931
Power, fuel and water charges	22,197,863	18,684,813
Tool development expenses	1,517,485	1,032,452
Salaries, wages and bonus	209,508,069	163,168,185
Contribution to provident and other funds	12,345,994	12,477,210
Staff and labour welfare expenses	13,834,842	7,754,630
Recruitment expenses	1,612,488	459,600
Processing charges	15,410,070	12,080,560
Insurance	25,054	460,510
Rent	8,202,648	7,624,518
Rates and taxes	1,477,697	1,593,836
Repair and maintenance		
– Plant and machinery	8,751,814	4,911,360
– Buildings	4,808,495	2,075,357
– Others	6,422,573	4,169,866
Legal and professional	12,567,990	11,058,660
Payment to auditors*		
– Audit fee	675,000	300,000
– Tax audit fee	75,000	75,000
– Certification etc.	300,500	260,000
– Expenses	345,216	273,892
Directors' sitting fees	310,000	224,500
Travel and conveyance	17,277,903	13,702,215
Directors' travelling	4,045,197	3,215,512
Postage and telephone	4,805,540	3,579,490
Subscription and annual fee	908,744	661,483
Printing & Stationery	3,976,148	2,998,549
Donations	1,238,000	25,000
Selling & distribution expenses		
– Commission	6,038,776	12,326,769
– Discounts	1,060,159	1,303,800
– Other expenses	10,307,882	4,103,762
Provision for other than temporary diminution in value of investments	-	12,345,435
Provision for doubtful debts	977,396	405,865
Investments written off	12,345,435	-
Bad debts written off	511,408	251,938
Loss on sale/disposal of fixed assets (net)	550,524	1,953,066
Miscellaneous expenses	7,621,127	7,363,854
(Increase) / decrease in stocks (refer schedule 15A)	(1,005,192)	6,304,636
	649,131,393	506,528,058

* Payment to auditors does not include service tax amounting to Rs 78,908 (previous year Rs 103,152) to be paid to the auditors, being available for set off against the excise duty liability.

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

	As at 31 March 2011	As at 31 March 2010
Schedule - 15A		
(Increase) / decrease in stocks		
Opening Stock		
Finished goods	8,908,989	16,248,367
Stock-in-process	39,564,694	38,531,207
Scrap	237,976	447,000
	<u>48,711,659</u>	<u>55,226,574</u>
Closing Stocks		
Finished goods	5,776,672	8,908,989
Stock-in-process	43,844,529	39,564,694
Scrap	144,322	237,976
	<u>49,765,523</u>	<u>48,711,659</u>
	(1,053,864)	6,514,915
Less : Impact of excise duty on change in stocks	48,672	210,279
	<u>(1,005,192)</u>	<u>6,304,636</u>
Schedule - 16		
Finance Cost		
On term loans	15,234,997	13,857,943
On public deposits	9,916,720	6,525,942
On other loans from banks and others	16,695,083	16,425,983
	41,846,800	36,809,868
Less : Received from banks and other (tax deducted at source Rs. 39,837 (previous year Rs. 45,626))	(587,473)	(622,845)
Add : Other bank and finance charges	3,955,253	3,139,760
	<u>45,214,580</u>	<u>39,326,783</u>

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

Schedule - 17

Significant accounting policies

1. Basis of preparation

The financial statements of KDDL Limited ("the Company") have been prepared on accrual basis under the historical cost convention, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act") and the Rules framed there under. The accounting policies have been consistently applied by the Company unless otherwise stated.

2. 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.

3. 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 Entitlements Pass Book (DEPB) and any other scheme are recognized in the profit and loss account 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 recognized on a time proportion basis, taking into account the amount outstanding and the rates applicable.
- e) Dividend income is recognized when the Company's right to receive the same is established.

4. Fixed 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 capitalized.

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

5. Depreciation and amortisation

Depreciation is provided on straight line method as per the rates specified in Schedule XIV to the Act, as applicable at the time of addition of the respective fixed assets, on pro-rata basis from the month of addition, except for the following:

- Depreciation on improvements carried out on buildings taken on lease (included under buildings) is provided over the period of the lease.
- Depreciation on a particular class of dies and tools manufactured by the Company and put to use after 01 April 2003 is provided over a period of 3 years.
- The 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.
- Know-how is amortised over a period of four years.
- Software is amortised over a period not exceeding six years.

6. Inventories

Inventories are valued as follows:

1. **Raw materials & components, stores and spares, finished goods and stock in process:** At lower of cost and net realisable value.
2. **Scrap:** At estimated realisable value.
3. Cost of inventories is ascertained on the following basis:
 - a) Raw materials and components and stores & spares - on moving weighted average basis.
 - b) Cost of finished goods and stock in process comprise material cost on moving weighted average. Finished goods are stated inclusive of excise duty, labour and related estimated overheads including depreciation.

7. 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.

8. 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

Schedule - 17 (Contd.)**Significant accounting policies**

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 profit and loss account.

The exchange differences arising on forward contracts other than those entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions are recognised in the year in which they arise based on the difference between i) foreign currency amount of the contract translated at the exchange rate on the reporting date and ii) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract or the last reporting date.

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.

9. Employee benefits

The Company's contribution to provident fund, being a defined contribution plan, is recognised in the profit and loss account.

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 and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Profit and Loss Account in the year in which such gains or losses arise.

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 Profit and Loss Account in the year in which such gains or losses arise.

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 profit and loss account.

10. 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.

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 Profit and Loss Account 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.

11. 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.

12. Leases

Lease 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 profit and loss account on a straight line basis over the term of the lease.

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

13. Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. A disclosure is made for possible or present obligations that may but probably will not require outflow of resources or where a reliable estimate cannot be made, as a contingent liability in the financial statements.

14. 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 profit and loss account.

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

	As at 31 March 2011	As at 31 March 2010
SCHEDULE -18		
Notes to the financial statements		
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	2,578,164	2,230,500
2. Contingent liability not provided for exists in respect of :		
a) Bank guarantees outstanding.	1,216,500	144,400
b) Bonds in favour of central excise and customs authorities	5,000,000	5,000,000
c) Guarantee given to a scheduled bank in relation to overdraft facility of Rs 329,000,000 (previous year Rs.305,000,000) and term loan of Rs.90,000,000 (previous year Rs.34,000,000) provided by the bank to subsidiary companies. Amount of overdraft outstanding as on 31 March 2011 is Rs.283,277,266 (Previous year Rs.240,494,686) and term loan Rs.50,266,850 (previous year Rs.15,663,761) respectively. The Company has 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.	1,204,891	1,661,899
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) Case for AY 2005-06, for which a demand of Rs.13,203,431 (previous year Rs.Nil) was raised by the income tax department and the Company had deposited Rs.10,916,620 (previous year Rs.Nil) under protest, was decided by the Commissioner of Income Tax (Appeals) in favour of the Company. However, the income tax department has preferred an appeal with Income Tax Appellate Tribunal. Demands raised by Income tax Authorities in respect of disallowances for AY 2006-07 and 2007-08, are identical to AY 2005-06 have been challenged by the company before Income Tax Appellate Tribunal.	24,063,220	-
g) Demands raised by the income tax authority for AY 2004-05 against which appeals have been filed. Amount paid under protest Rs. 1,577,440 (previous year Rs. 400,000)	4,046,108	4,046,108
h) Demand made by central excise authority	8,256,222	4,187,217
i) Demand of house tax made by Municipal Commissioner - Derabassi	-	5,551,447
3. a) Amount due to a subsidiary companies	25,821,556	14,172,472
b) Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, have been identified on the basis of information available with the Company. There was no amount due to any such entities which needs to be disclosed. This has been relied upon by the auditors.		
4. Managing directors /whole-time directors remuneration*:		
a) Salary	3,956,000	3,570,000
b) Contribution to provident and other funds	1,010,220	972,900
c) Perquisites including allowances (actual and /or evaluated under the Income -tax Rules)	4,504,988	2,047,318
d) Leave encashment paid during the year	78,900	-
	9,550,108	6,590,218
*Exclusive of provision for future liabilities in respect of employee benefits (which are based on actuarial valuation done on an overall Company basis)		
5. During the year, the Company issued 1,687,600 equity share warrants on preferential basis upon payment of a consideration of Rs. 10.25 per warrant. Each share warrant is convertible into one equity share of Rs. 10 each at a premium of Rs. 31 per share on payment of remaining consideration. Holders of such warrants have the option to convert these warrants into equity shares upon payment of aforesaid consideration on or before eighteen months from the date of allotment of warrants, viz., 02 November 2010. During the year, holders of 421,950 equity share warrants exercised the option of conversion of warrants into equity shares. Amount outstanding as at the year end and disclosed as equity share warrants money constitutes Rs. 10.25 per warrant received from the holders of remaining 1,265,650 share warrants.		
6. Deferred tax liability (net)		
Major components of deferred tax asset and (liability) are as given below :		
Deferred Tax Assets -		
Effect of employee benefit expenses debited to profit and loss account but allowable for tax purposes in subsequent year (s)	6,511,463	4,060,950
Provision for doubtful debts	1,497,346	1,378,207
Carry forward loss	-	10,525,611
	8,008,809	15,964,768
Deferred tax Liabilities -		
Depreciation Differences	(47,840,831)	(47,903,950)
Net deferred tax liability	(39,832,022)	(31,939,182)
7. During the year, Mahen Boutiques Limited (MBL) was merged with Kamla Retail Limited (KRL) in terms with the scheme of arrangement under section 391 to 394 of the Companies Act, 1956, which was approved by the Hon'ble High Court of Himachal Pradesh on 3 March 2011 and became effective on 13 May 2011 on filing of certified copy of the order of the Hon'ble High Court in the office of the Registrar of Companies by KRL. The appointed date of the scheme was 01 April 2009. Accordingly, KRL shall issue equity shares to KDDL Limited (the shareholders of MBL) in the following proportions:		

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

SCHEDULE -18 (Contd.)

Notes to the financial statements

-1 fully paid up equity share of the face value of Rs. 10 each of KRL at par for 1 fully paid up equity share of the face value of Rs. 10 held in MBL.
 -2 fully paid up equity share of the face value of Rs. 10 each of KRL at par for 3 partly paid up equity share (paid up value Rs. 6.75 per share) of the face value of Rs. 10 held in MBL.
 Based on above, KDDL Limited was allotted 1,383,333 equity shares of Rs.10 each in KRL subsequent to the year end. As at 31 March 2011, these shares were considered as held in share suspense account by KRL.

8. Related Party disclosures

A. Relationships

I. Subsidiary Companies

Himachal Fine Blank Ltd.
 Pylania S.A.
 Kamla Retail Limited
 Mahen Boutiques Limited
 Mahen Distribution Limited
 Kamla Tesio Dials Limited
 Taratec SA

II. Associates

III. Joint Venture

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

Satva Jewellery and Design Limited
 Saboo Coatings Ltd., Krypton Outsourcing Limited,
 VBL Innovations Pvt. Limited, Vardhan Properties &
 Investments Ltd., Vardhman International Ltd., Smt. Kamla Devi Saboo
 Charitable Trust, Shri M.K. Saboo Charitable Trust,
 Tara Chand Mahendra Kumar (HUF)

V Key Management Personnel

a. Mr. R.K. Saboo (Chairman)

Relatives **

Ms. U. Saboo (wife),
 Mr. Y. Saboo (son) , Mr. J. Saboo (son), Ms. P. Saboo
 (daughter in law), Ms. Asha Devi Saboo (brother's wife)
 Mr. R.K. Saboo (father), Ms. A. Saboo (wife)
 Mr. P.S. Saboo (son), Ms. S. Saboo (daughter)
 Ms. Shashi Agrawal (wife)

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

c. Mr. Dinesh Agrawal
 (Chief Operating Officer)

* Refer note 7 of schedule 18.

**Relatives of key management personnel with whom the Company had transactions during the year.

B. The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2011

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						
	Himachal Fine Blank Limited	26,180,647					
	Taratec SA		34,754				
	Saboo Coatings Limited				3,412,770		
	Pylania SA	2,735,512					
	Vardhan International Limited.				301,734		
2	Sale of goods						
	Pylania SA	14,514,498					
	Himachal Fine Blank Limited	609,897					
	Mahen Distribution Limited	289,769					
	Satva Jewellery & Design Limited			43,660			
	Saboo Coatings Limited				65,499		
	Kamla Retail Limited	201,126					
3	Purchase of fixed assets						
	Satva Jewellery & Design Limited			94,814			
	Pylania SA	71,764					
4	Sale of fixed assets						
	Pylania SA	226,382					
5	Job work charges (expenses)						
	Himachal Fine Blank Limited	360,006					
	Satva Jewellery & Design Limited			7,771,349			
6	Job work charges (Income)						
	Himachal Fine Blank Limited	32,578					
	Taratec SA		21,762				
	Pylania SA	440,359					
7	Commission on sales (expense)						
	Taratec SA		6,038,776				
	Kamla Retail Limited	4,300,700					
8	Rent paid by the Company						
	Kamla Tesio Dials Limited		800,000				
	Saboo Coatings Limited				50,000		
	Mr. R.K. Saboo					263,760	
	Mr. Y. Saboo					593,520	
	Ms A. Saboo						132,000
	Ms U. Saboo						52,800
	Himachal Fine Blank Limited	33,000					
9	Salary of employees paid by the Company						

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

S. No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
10	Himachal Fine Blank Limited Mr. Pranav S. Saboo Directors remuneration	28,415					566,380
	Mr. R.K. Saboo					2,302,441	
	Mr. Y. Saboo					3,825,643	
11	Mr. Dinesh Agrawal Interest received					3,422,024	
12	Himachal Fine Blank Limited Interest paid/ accrued	1,750,000					
	Vardhan Properties and Investment Ltd. Ms. Asha Devi Saboo				132,634		120,001
	Kamla Retail Limited Taratec SA	848,069	39,923				11,690
13	others Public deposits accepted						200,000
14	Shashi Agrawal Loans received						
	Vardhan Properties and Investment Limited				500,000		
15	Repayment of loans						
	Vardhan Properties and Investment Limited				2,700,000		
16	Others (including rent received)						
	Kamla Retail Limited	2,551,694					
	Satva Jewellery & Design Limited			878,029			
	Saboo Coatings Limited				1,003,555		
	Himachal Fine Blank Limited	918,144					
17	VBL Innovations Pvt. Ltd. Advance for share application money				30,314		
	Pylania SA	4,685,500					
18	Reimbursement of expenses by the Company						
	Pylania SA	529,796					
	Taratec SA		943,791				
	Himachal Fine Blank Limited	44,070					
19	Satva Jewellery & Design Limited Expenses recovered			3,100			
	Himachal Fine Blank Limited	282,234					
	Kamla Retail Limited	435,004					
	Saboo Coatings Limited				137,278		
	Pylania SA	273,447					
20	Satva Jewellery & Design Limited Investments made			2,715			
	Satva Jewellery & Design Limited			2,000,000			
21	Investments written off						
	Pylania SA	12,345,435					
22	Dividend received						
	VBL Innovations Private Limited				250,000		
23	Donation						
	Smt. Kamla Devi Saboo Charitable Trust				950,000		
24	Balance at the end of the year						
	a. Loans						
	Himachal Fine Blank Limited	14,000,000					
	b. Other receivables/ advances						
	Taratec SA		408,680				
	Pylania SA	15,914,489					
	Mahen Distribution Limited	330,140					
	Kamla Retail Limited	172,494					
	Satva Jewellery & Design Limited			137,398			
	Saboo Coatings Limited				23,077		
	Himachal Fine Blank Limited	508,692					
	c. Payables						
	Himachal Fine Blank Limited	7,823,636					
	Taratec SA		4,626,660				
	Kamla Tesio Dials Limited		550,080				
	Satva Jewellery & Design Limited			3,320,444			
	Saboo Coatings Limited				939,783		
	Pylania SA	573,946					
	Kamla Retail Limited	17,423,975					
	d. Guarantees taken						
	Mr. R.K. Saboo					104,120,965	
	Mr. Y. Saboo					104,120,965	
	e. Guarantees provided						
	Kamla Retail Limited	329,285,945					
	Himachal Fine Blank Limited	4,258,171					
	f. Public deposits outstanding						1,000,000
	Ms. Asha Devi Saboo						200,000
	Ms. Shashi Agrawal						
	g. Inter Corporate Deposits						
	Vardhan Properties and Investment Limited				500,000		
	h. Investments						

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

S. No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
	Himachal Fine Blank Limited	15,200,000					
	Pylania SA	23,438,435					
	Kamla Retail Limited	69,040,850					
	Mahen Distribution Limited	2,000,000					
	Taratec SA		1,540,710				
	Kamla Tesio Dials Limited		3,000,000				
	Satva Jewellery & Design Limited			12,394,200			
	VBL Innovations Private Limited	1,000,000					
	i. Provision for diminution in the value of investment						
	Kamla Tesio Dials Limited		1,000,000				
	j. Advance for share application money						
	Pylania SA	4,685,500					

C. The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2010

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						
	Himachal Fine Blank Limited	20,889,682					
	Taratec SA		632,157				
	Saboo Coatings Limited				2,272,399		
	Others	1,232,393					
2.	Sale of goods						
	Pylania S.A.	8,464,161					
	Taratec SA		6,669,771				
	Satva Jewellery & Design Limited			20,338			
	Saboo Coatings Limited				95,422		
	Others	654,273					
3.	Sale of fixed assets						
	Himachal Fine Blank Limited	213,281					
	Pylania S.A.	243,913					
	Kamla Retail Limited	78,192					
4.	Job work Charges Paid						
	Taratec SA		4,300				
	Satva Jewellery & Deign Ltd.			3,875,225			
	Himachal Fine Blank Limited	455,318					
5.	Job work Charges Recd.						
	Satva Jewellery & Design Ltd.			42,576			
	Himachal Fine Blacnk Limited	36,350					
	Taratec SA		79,116				
6.	Commission paid on sales						
	Taratec SA		12,236,177				
7.	Rent Paid						
	Himachal Fine Blank Limited	325,314					
	Kamla Tesio Dials Limited		1,200,000				
	Saboo Coatings Limited				50,000		
	Mr. R.K. Saboo					126,232	
	Mr. Y. Saboo					126,232	
	Ms. A. Saboo						126,232
	Ms. U. Saboo						593,512
8.	Salary of employees						
	Satva Jewellery & Design Ltd.			57,651			
	Himachal Fine Blank Limited	1,185,919					
	Kamla Retail Limited	797,185					
	Ms. A. Saboo						107,520
	Mr. P.S. Saboo						165,158
	Others						
9.	Directors Remunerarion						
	Mr. R.K. Saboo					1,698,056	
	Mr. Y. Saboo					2,847,441	
	Mr. Dinesh Agrawal					2,044,721	
10.	Interest received						
	Himachal Fine Blank Limited	1,749,999					
11.	Interest paid/Accrued						
	Taratec SA		74,252				
	Vardhan Properties and Investment Ltd.				286,866		
	Ms. Asha Devi Saboo						104,573
12.	Repayment of loans						
	Taratec SA		3,937,280				
13.	Others (including rent received)						
	Kamla Retail Limited	539,417					
	Pylania S.A.	2,564,100					
	Taratec SA		2,262,488				
	Satva Jewellery & Design Limited			83,452			
	Saboo Coatings Limited				784,603		
	Others	410,796	2,300		2,390		

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

S. No.	Particulars	Subsidiaries	Associates	Joint Venture	Entities over which significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel
14.	Discounts given						
	Pylania S.A.	364,378					
	Taratec SA		637,707				
15.	Reimbursement of Expenses by the Company						
	Taratec SA		19,528				
	Others	252,544			975		
16.	Expenses Recovered						
	Pylania SA	139,215					
	Satva Jewellery & Design Ltd.			222,289			
	Others	6,688			98,325		
17.	Investment						
	Mahen Distribution Limited	2,000,000					
18.	Dividend received						
	VBL Innovation Pvt. Ltd.				120,000		
19.	Loans disbursed/(repaid) (net)						
	Kamla Retail Limited	(10,000,000)					
20.	Balance at the end of the year						
a.	Loans						
	Himachal Fine Blank Limited	14,000,000					
b.	Other receivable/advances						
	Pylania S.A.	5,921,626					
	Taratec SA		433,181				
	Satva Jewellery & Design Limited			1,381,942			
	Saboo Coatings Limited				8,731		
	Kamla Retail Limited				-		
	Mahen Distribution Limited	39,931					
c.	Payables						
	Himachal Fine Blank Limited	8,837,318					
	Taratec SA		6,753,796				
	Kamla Tesio Dials Limited		2,266,080				
	Satva Jewellery & Design Limited			597,881			
	Saboo Coatings Limited				662,324		
	Kamla Retail Limited	4,915,494					
	Pylania S.A.	133,616					
	Vardan Properties and Investments Ltd.				69,904		
d.	Guarantees taken						
	Mr. R.K. Saboo					129,962,318	
	Mr. Y. Saboo					129,962,318	
e.	Guarantees provided						
	Kamla Retail Limited	223,986,688					
	Himachal Fine Blank Limited	4,845,717					
f.	Public deposit outstanding						
	Ms. Asha Devi Saboo						1,000,000
g.	Inter Corporate Deposit						
	Vardhan Properties and Investment Limited				2,700,000		

9. Additional information pursuant to the provisions of paragraph 3 and 4 of Part II of Schedule VI of the Companies Act, 1956. (As certified by the management and relied by the auditors, being a matter of technical nature)

	(Qty . in No. of PCs.)	
	As at 31 March 2011	As at 31 March 2010
A. Capacity		
Item : Watch dials		
Licensed	Not Applicable	Not Applicable
Installed	12,700,000	12,700,000
Item : Watch Hands		
Licensed	Not Applicable	Not Applicable
Installed	45,000,000	40,000,000
Item : Tools		
Licensed	Not Applicable	Not Applicable
Installed	300	300
Item : Ornamental Packaging boxes		
Licensed	Not Applicable	Not Applicable
Installed	1,860,000	1,860,000
B. Production (Nos.)		
Watch dials	7,942,340	6,899,235
Watch hands	42,041,425	31,451,414
Press tools	53	76
Blank Components	122,385,453	98,732,633
Ornamental packaging boxes	1,665,253	1,395,206
Pouches	960	660
Indexes	367,375	375,716

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

C. Sales and stocks

Product

	As at 31 March	Opening stock		Closing stock		Sales	
		Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
Watch Dials	2011	96,101	3,421,359	53,115	1,414,038	7,985,326	382,561,138
	2010	133,101	7,675,435	96,101	3,421,359	6,936,235	280,444,166
Watch Hands	2011					41,965,655	218,823,982
	2010	-	-	-	-	31,380,668	105,423,589
Press Tools	2011					53	10,022,548
	2010					76	9,192,655
Blank Components	2011					122,385,453	79,226,969
	2010					98,732,633	63,695,218
Ornamental packaging boxes	2011	147,786	5,487,630	101,456	4,362,634	1,709,365	82,806,487
	2010	234,803	8,572,932	147,786	5,487,630	1,375,770	60,971,286
Indexes	2011	290,000		290,000		367,375	6,837,740
	2010	290,000	-	290,000	-	375,716	8,202,862
Pouches	2011					960	4,180
	2010	-	-	-	-	660	3,074

Sales include inter unit transfers reversed during the year and are inclusive of excise duty.

Difference in quantities of closing stock of watch dials, watch hands, ornamental packaging boxes, watches and indexes are on account of samples, damages, scrapped, internal consumption, etc.

D. Raw Material and components consumed

	Unit	2010-11		2009-10	
		Quantity	Rs.	Quantity	Rs.
i) Brass and Metal	Kgs	133,136	70,997,772	98,234	41,512,168
ii) Components	000 pcs	91,977	25,501,582	77,570	17,279,814
iii) Others			105,191,225		81,350,822
			201,690,579		140,142,804

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

Raw Material and components	2010-11		2009-10	
	Rupees	Percentage	Rupees	Percentage
Imported	96,633,984	47.91%	70,340,768	50.19%
Indigenous	105,056,595	52.09%	69,802,036	49.81%
	201,690,579	100.00%	140,142,804	100.00%
Stores and Spares				
Imported	17,089,651	30.30%	11,056,120	23.44%
Indigenous	39,303,318	69.70%	36,102,811	76.56%
	56,392,969	100.00%	47,158,931	100.00%

F. Value of imports on CIF Basis

	2010-11	2009-10
a) Capital goods	14,662,808	2,746,397
b) Raw material & components	100,856,512	56,010,526
c) Stores & spares	15,850,128	10,362,025

G. Expenditure in foreign currency (on cash basis)

	2010-11	2009-10
a) Travelling	3,775,599	3,525,323
b) Technician fee (net of tax)	1,150,295	2,782,683
c) Commission on exports	11,599,630	8,968,105
d) Others	1,069,788	2,428,223

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

	<u>Current Year</u>	<u>Previous Year</u>
H. Earnings in foreign exchange		
FOB value of exports	413,344,087	190,166,603
Others	8,064,527	7,831,310

10. Employee benefits

Accounting Standard 15 (Revised) - Accounting for Employees Benefits

<u>For the year ended 31 March 2011</u>	<u>For the year ended 31 March 2010</u>
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Defined Contribution Plan: Expenditure on account of Super annuation Scheme taken by the Company with LIC of India in respect of its employee's provided in the Profit & Loss account.

913005	720,540
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Defined benefit plan/ other long term benefit plans

- a. Gratuity
- b. Leave Encashment

Actuarial valuation has been done using the following assumptions.

Particulars	Leave		Gratuity	
	Encashment		Encashment	
Discount rate	8%	8%	8%	8%
Rate of increase in Compensation levels	5%	5%	5%	5%
Rate of return of plan assets	-	8%	-	8%
Expected Average remaining working lives of employees (years)	8.34	-	8.34	-

Change in the present value of obligation :

	Leave		Gratuity	
	Encashment		Encashment	
Present value of obligation as at beginning of the year	6,054,569	16,550,838	5,485,568	15,535,058
Interest Cost	484,366	1,254,747	438,845	1,242,805
Current Service Cost	3,012,487	1,669,027	2,621,573	1,457,168
Benefits paid/ Payable	(2,407,203)	(1,035,471)	(1,280,371)	(3,770,868)
Actuarial (gain)/loss on obligations	(390,897)	213,600	(1,211,046)	2,086,675
Present value of obligation as at end of the year	6,753,322	18,652,741	6,054,569	16,550,838

Change in the Fair value of Plan Assets :

	Gratuity		Gratuity	
Fair value of Plan Assets at the beginning of the year	10,380,073	11,400,827		
Expected Return on Plan Assets	925,065	920,997		
Contributions	1,628,426	1,829,117		
Benefits paid	(1,035,471)	(3,770,868)		
Fair value of Plan Assets at the end of the year	11,898,093	10,380,073		

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

Reconciliation of present value of defined benefit obligation and the fair value of assets

	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Present value of funded obligation as at end of the year	6,753,322	18,652,741	6,054,569	16,550,838
Fair value of Plan Assets as at the end of the period funded status	-	11,898,093	-	10,380,073
Unfunded/ Funded Net Liability recognized in Balance Sheet	6,753,322	6,754,648	6,054,569	6,170,765

Expenses recognized in the Profit and Loss Account

	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Current Service Cost	3,012,487	1,669,027	2,621,573	1,457,168
Interest Cost	484,366	1,254,747	438,845	1,242,805
Expected Return on Plan Assets	-	925,065	-	920,997
Net actuarial (gain)/loss recognized in the period	(390,897)	213,600	(1,211,046)	2,086,675
Total Expenses recognized in the Profit & Loss Account	3,105,956	2,212,309	1,849,372	3,865,651

The Company makes annual contributions to the LIC of India for gratuity benefits as amount advised by the LIC. An amount of Rs.276,946 (excluding taxes, etc. of Rs.96,645) paid by the Company on 30 March 2010 had not been considered by LIC as contributions received as at 31 March 2010, though, the same has been considered as contributions made above.

Amounts for the current and previous years are as follows:

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Gratuity				
Defined benefit obligation	18,652,741	16,550,838	15,535,058	13,740,953
Plan Assets	11,898,093	10,380,073	11,400,827	8,825,348
Surplus/(Deficit)	6,754,648	6,170,765	4,134,231	4,915,605

11. Earnings/(Loss) per share

Net profit attributable to equity shareholders

	For the year ended 31 March 2011	For the year ended 31 March 2010
Profit after tax	62,843,112	(33,807,139)
Number of equity shares at the beginning of the year	7,349,220	7,349,220
Shares issued during the year	421,950	-
Total equity shares outstanding at the end of the year	7,771,170	7,349,220
No. of weighted average equity shares		
Basic	7,415,114	7,349,220
Effect of dilutive equity shares equivalents		-
Convertible equity share warrants outstanding	-	-
Diluted	7,415,114	7,349,220
Nominal value of equity share (Rs)	10	10
Earnings/(Loss) per share		
Basic	8.48	(4.60)
Diluted	8.48	(4.60)

12. Leases

Operating leases

The company is a lessee under various operating leases. Rental expense for operating leases for the years ended 31 March 2011 and 31 March 2010 was Rs.8,202,648 and Rs.7,624,518 respectively. The company has not executed any non-cancelable 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 2011 and 31 March 2010 aggregate to Rs.600,000 and Rs.600,000 respectively.

KDDL LIMITED

Schedules forming part of the financial statements for the year ended 31st March, 2011

(Amount in Rupees)

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

Name of the Company	Amount outstanding as at 31 March 2011	Amount outstanding as at 31 March 2010
Himachal Fine Blank Ltd. *Loans are re-payable on demand.	14,000,000	14,000,000
	For the year ended 31 March 2011	For the year ended 31 March 2010

14. Dividend from investments:

Long Term		—
VBL Innovations Private Ltd.	250,000	120,000

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

	For the year ended 31 March 2011	For the year ended 31 March 2010
Total Assets	44,759,943	47,756,109
50% share of the company in Joint Venture	22,379,972	23,878,055
Total Liabilities	44,759,943	47,756,109
50% share of the company in Joint Venture	22,379,972	23,878,055
Income	9,820,504	5,010,666
50% share of the company in Joint Venture	4,910,252	2,505,333
Expenses	13,082,295	15,249,111
50% share of the company in the Joint Venture	6,541,148	7,624,556

16. During the year, the shareholders of Pylania S.A. approved the scheme of capital reduction, pursuant to which, the Company has written off investments aggregating to Rs. 12,345,435 which were earlier provided for as other than temporary diminution in its value.

17. 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 2011	Amount outstanding as at 31 March 2010
Receivables	96,228,407	51,860,344
Payables	23,887,334	10,170,853
Loans taken	18,441,497	48,070,475
Advances from customers	450,893	3,896,976

18. 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.

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

On behalf of the Board of Directors

R.K. SABOO

Chairman

Place : Chandigarh

Dated : 28 July 2011

Y. SABOO

Chief Executive Officer

S.K. MASOWN

Chief Financial Officer

P.K.GOYAL

Company Secretary

For **Walker, Chandio & Co.**
Chartered Accountants

Place : New Delhi
Dated : 28 July 2011

per **B.P. Singh**
Partner
Membership No.70116

KDDL LIMITED

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	8123
State Code	06
Balance Sheet Date	31st March, 2011

II. Capital Raised during the year

Public Issue	–
Rights Issue	–
Bonus Issue	–
Private Placement	Rs. 4,219,500

III. Position of Mobilisation and Deployment of Funds

(Rs. in thousands)

Total Liabilities	763,572	Total Assets	763,572
Sources of Funds:		Application of Funds:	
i. Paid up Capital	78,583	i. Net Fixed Assets	403,797
ii. Reserves & Surplus	325,740	ii. Investments	131,739
iii. Equity Share Warrant	12,973	iii. Net Current Assets	228,836
iv. Secured Loans	212,297	iv. Misc Expenditure	–
v. Unsecured Loans	94,148		
vi. Deferred Tax Liability (Net)	39,832		

IV. Performance of the Company

Turnover (including other income)	835,740
Total Expenditure	750,457
Profit before tax	85,283
Profit after tax	62,843
Earning per share	Rs. 8.48
Dividend rate	30%

V. Generic Names of Three principal products of the Company (As per monetary terms)

Item Code No. (I.T.C. Code)	9114.3
Production Description	Watch Dials
Item Code No. (I.T.C. Code)	3923.9
Production Description	Ornamental Packaging
Item Code No. (I.T.C. Code)	9114.9
Production Description	Watch Hands
Item Code No. (I.T.C. Code)	8207 & 8466
Production Description	Tools

On behalf of the Board of Directors

R.K. SABOO
Chairman

Y. SABOO
Chief Executive Officer

S.K. MASOWN
Chief Financial Officer

P.K. GOYAL
Company Secretary

Place : Chandigarh
Dated : 28 July, 2011