

## **Management Update Qtr ended June 2010**

The performance Q1 of the current fiscal, as per the results released 11 August 2010, represent a strong turn around in the company and a return to all round growth and to profitability.

The overall turnover grew by 51% over previous year same quarter. This followed a sharp recovery in the export and domestic business of the company which had been seriously impacted by the meltdown in international watch component business.

Against a loss of Rs 2.39 cr in Q1 of previous year, the current quarter has reported a profit of Rs 1.10 cr. before tax, this result not only of the better sales but also of the rigorous cost management measures taken over the last few quarters.

The current improved performance covers all segments of KDDL working including watch dials and hands (up 55%), packaging business (up 33%) and the precision stampings business (up 46%). The outlook for the current quarter and the rest of the year remains very positive with a robust in flow of orders as well as new projects.

### **Retail segment**

The company's subsidiary Kamla Retail Ltd. which is implementing the retail business in premium and luxury watches through its chain of boutiques under the name of Ethos and Ethos SUMMIT, has recorded the growth of 53 % in Q1 in current fiscal against previous year, with billings at Rs. 19.4 cr. against Rs. 12.7 cr. This above-expectations performance is expected to continue with all regions in the country reporting strong growth in life style retail segment. Significantly the company has also achieved a cash break even including all central administration costs, an important milestone in retail operations.

The company is confident of achieving overall profitability in the current fiscal year. Growth plans in the retail business are being ramped up to keep pace with the market opportunity. Kamla Retail Ltd. has recently inducted fresh equity which will support the aggressive development plans.

**Other subsidiary and associate companies:**

The company is now moving to merge one of its subsidiaries HFBL Ltd. with parent company KDDL Ltd. for greater cost efficiencies on cost and effectiveness in management. The company's dial manufacturing subsidiary in Switzerland Pylania SA, which had been severely impacted due to the market recession in Switzerland, has reported a turnaround in the current quarter and is expected to return to profitable working in the current year. The company's joint venture SATVA Jewellery and Deign Ltd, a 50% JV with PVV SA of Switzerland has also reported an improved inflow of orders, though the outlook for the company remains challenging. KDDL is in dialogue with the Swiss partners to find early solutions to restore profitable working in this JV.