



KPL INTERNATIONAL LIMITED

Annual Report

2014-15

Chemistry of Partnerships...



KPL INTERNATIONAL LIMITED

BOARD OF DIRECTORS

R. V. KANORIA, Chairman
S. V. KANORIA
A. V. KANORIA
T. D. BAHETY
VAIDEHI KANORIA
ROHIT MUNDRA
VINAY KUMAR BAGLA
SURINDER KUMAR KAK, Managing Director

COMPANY SECRETARY

UMMANG MUTREJA

AUDITORS

Singhi & Co.
Chartered Accountants
New Delhi

BANKERS

Axis Bank Ltd.
Statesman House,
148, Barakhamba Road,
New Delhi - 110 001

REGISTERED OFFICE

212A, 216 & 222, 2nd Floor, Indraprakash
21, Barakhamba Road
New Delhi - 110 001
CIN: U23209DL1974PLC029068
Phone: +91 11 43579200
Fax: +91 11 23717203

CORPORATE OFFICE

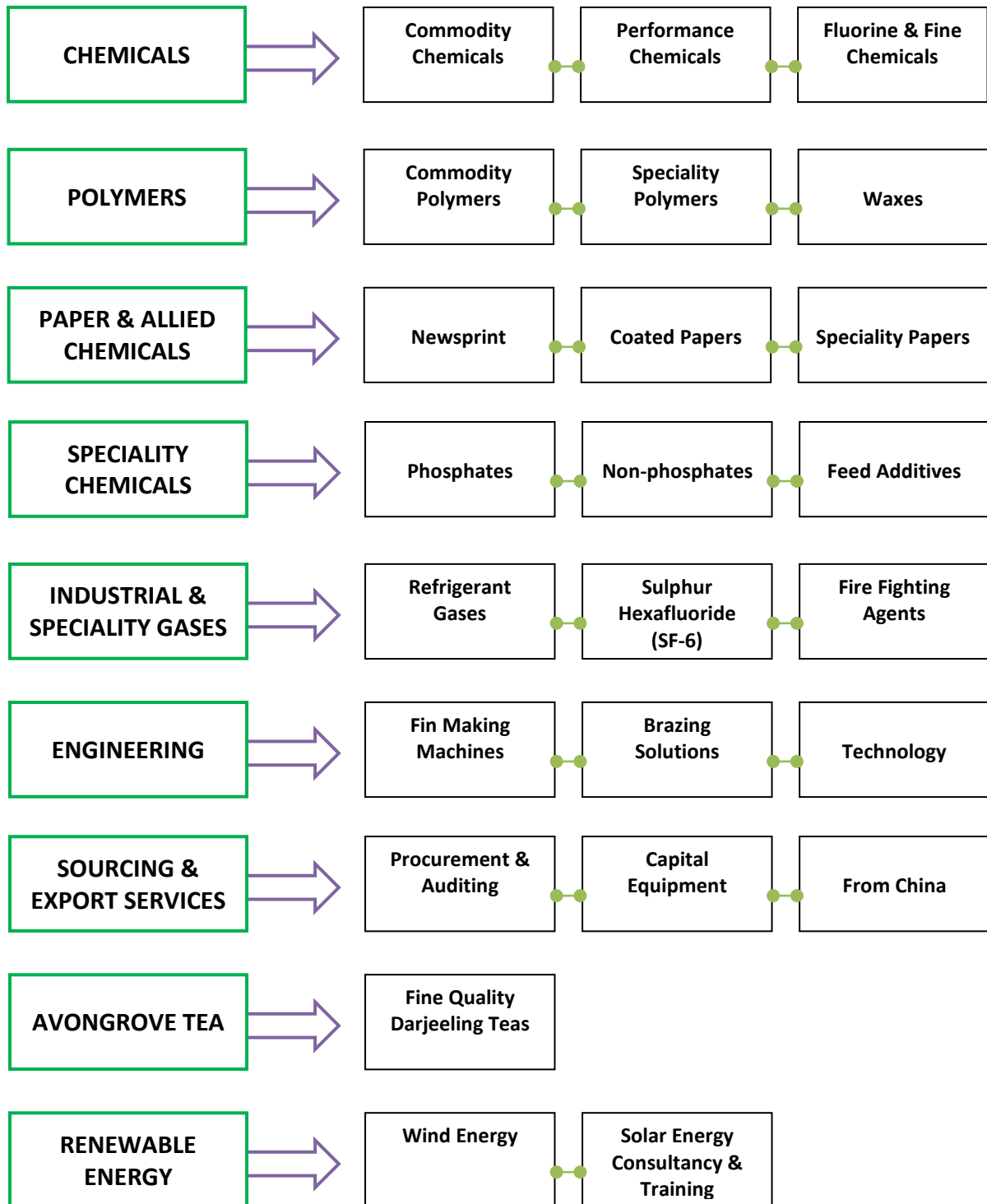
Statesman House
10th Floor, A-Wing
148, Barakhamba Road
New Delhi - 110 001
Phone: +91 11 43606200
Fax: +91 11 23355824
Email: info@kplintl.com
Website: www.kplintl.com

REGISTRAR & SHARE TRANSFER AGENT

RCMC Share Registry Private Limited
B-25/1, 1st Floor
Okhla Industrial Area, Phase – II
New Delhi – 110 020
Phone: +91 11 26387320
Fax: +91 120 2444346
Email: shares@rcmcdelhi.com

KPL INTERNATIONAL LIMITED

Business Divisions



For over two decades, **KPL International Limited (KPL)** is engaged in international business, specializing in sourcing, marketing, supply chain facilitation and distribution of chemicals, polymers, paper, equipment & allied products.

The business ethos at KPL is based on developing sustainable relationships. With its ISO 9001 quality certification and its process specialization in marketing, distribution and sourcing, KPL represents thirty five global giants and over three thousand customers that include many of the finest Indian business houses. KPL markets quality products in India, sourced from globally acclaimed manufacturers.

For successive years, KPL has been ranked in the list of ICIS Global Top 100 chemical distributors.

KPL continues to grow in a variety of market segments responding to the fast-changing needs of its customers with committed service. It operates on a SAP3 technology platform that helps the company in managing information as per global standards.

KPL is headquartered in New Delhi with regional offices at Mumbai, Chennai and Kolkata in India; and international offices in Shanghai (China), Dhaka (Bangladesh) and Dubai (UAE). It has warehousing facilities in major Indian cities, namely New Delhi, Sonapat, Palwal, Mumbai, Chennai, Cochin, Ankleshwar and Kolkata.

The business divisions of KPL are shown in the opposite page. The Company's other business includes an organic tea estate 'Avongrove' located near Darjeeling in the state of West Bengal. Apart from being certified as an organic tea estate under US, Japanese, Indian & the EU standards, this business segment also received the Certificate of Fairtrade from Flo-Cert GmbH, Germany for conformation to labour and trade standards.

KPL has a focus on sustainable development and renewable energy. The Company has wind turbines in Sangli in the state of Maharashtra with a generation capacity of 1.25 MW of power. With the intent of increasing its footprint in the renewable energy segment, the Company has acquired the intangible assets of intellectual property and rights of a company engaged in Solar Energy related consultancy and training.

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 41st Annual Report together with Audited Annual Accounts of the Company for the year ended on 31st March, 2015.

FINANCIAL HIGHLIGHTS

During the year under review, the profit after tax was Rs. 1,006.08 Lakhs as against Rs. 1,130.70 Lakhs in the previous year. The turnover was Rs. 21,156.03 Lakhs as against Rs. 28,451.02 Lakhs in the previous year. The income from commission was Rs. 1,692.68 Lakhs as against Rs. 1,805.56 Lakhs in previous year.

WORKING RESULT

(Rs. in lakhs)

| | |
|--|----------|
| Profit before Interest, Depreciation & Tax | 1,828.90 |
| Less: Interest | 22.93 |
| Depreciation | 291.58 |
| Provision for Taxation (Including Deferred Tax) | 508.31 |
| Profit for the year | 1,006.08 |
| Add: Balance as per last account | 4,989.45 |
| | ----- |
| | 5,995.53 |
| | ----- |

APPROPRIATIONS

| | |
|------------------------------------|----------|
| Proposed Dividend on Equity Shares | 606.40 |
| Dividend Distribution Tax | 123.45 |
| Transfer to General Reserve | 2,500.00 |
| Balance carried to Balance Sheet | 2,765.68 |
| | ----- |
| | 5,995.53 |
| | ----- |

OPERATIONAL REVIEW

The Company values the relationships developed and nurtured over the years with its business associates. This has helped the Company in maintaining its position, as one of the leading Indenting and Distribution Companies in India mainly for Chemicals and Polymers.

The turnover during the year was Rs. 21,156.03 Lakhs as against Rs. 28,451.02 Lakhs in the previous year. The reduction in turnover was mainly due to reduced sale of crude based products arising out of volatility and steep fall in crude oil prices as well as volatility in the exchange rate. Despite this, the Company has been able to achieve a profit before tax of Rs. 1,514.39 Lakhs as against Rs. 1,718.20 Lakhs in the previous year. The business fundamentals are improving and there is less volatility which is likely to translate into better profits in the current year.

The performance of Avongrove Tea Estate in Darjeeling which produces excellent quality of organic tea was satisfactory. Apart from being certified as an organic tea estate under US Department of Agriculture (USA), Japanese Agricultural Standards (Japan) and National Programme for Organic

Production (India & the EU), this business segment also conforms to labour and trade standards and is a recipient of the Certificate of fair-trade from Flo-Cert GmbH, Germany.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the close of the year till the date of this report, which affect the financial position of the Company.

TRANSFER TO RESERVES

An amount of Rs. 2,500 Lakhs has been transferred to the General Reserves.

DIVIDEND

The Board of Directors recommends a dividend @ Rs. 4000/- per equity share of Rs. 1000/- each for the year ended on 31st March, 2015 for consideration of shareholders at the ensuing Annual General Meeting.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Companies Act, 2013 and accordance with AS 21, the audited Consolidated Financial Statement has been annexed with the Annual Report.

DIRECTORS

Shri Saumya Vardhan Kanoria and Tulsi Das Bahety, Directors of the Company, retiring by rotation, at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Shri Jagdish Prasad Sonthalia resigned from the Board during the year.

Pursuant to the provisions of Section 161(1) of Companies Act, 2013 and the Articles of Association of the Company, Shri Vinay Kumar Bagla and Shri Rohit Mundra were appointed as an Additional Director cum Independent Director and Smt. Vaidehi Kanoria as Additional Director w.e.f 31.03.2015. They shall hold office up to the date of ensuing Annual General Meeting. The Company has received requisite notice in writing from members proposing appointment of Smt. Vaidehi Kanoria, Shri Vinay Kumar Bagla and Shri Rohit Mundra as Directors of the Company.

The Board confirms that it has the required number of Independent Directors as envisaged under section 149(4) of the Act and that all the Independent Directors have filed the requisite declarations with the Company as per Section 149(7) of the Act confirming that they meet with the criteria of Independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013.

MEETINGS OF BOARD OF DIRECTORS

During the year 2014-15, the Company held five meetings of the Board of Directors on 6th June 2014, 12th August 2014, 6th September 2014, 26th December 2014 and 31st March, 2015.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of Shri Rohit Mundra and Shri Vinay Kumar Bagla as Independent Directors and Shri R. V. Kanoria, Director of the Company. The Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company comprises of Shri Rohit Mundra and Shri Vinay Kumar Bagla as Independent Directors and Shri R. V. Kanoria, Director of the Company.

The Committee's constitution, terms of reference and role are in compliance with the provisions of the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company comprises of Shri Surinder Kumar Kak, Managing Director, Shri Tulsi Das Bahety, Director and Shri Vinay Kumar Bagla, Independent Director of the Company. The Committee's constitution, terms of reference and role are in compliance with the provisions of the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY

In terms of provisions of Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014, the Company has undertaken CSR activities, as per Annexure I forming part of this report.

SUBSIDIARY COMPANY

KPL Logistics Limited is a wholly owned subsidiary of the Company. A statement containing salient features of the financial statement of Subsidiary in Form AOC-1 is annexed as per Annexure – II forming part of this report. The statement also provides the details of performance, financial position of the subsidiary.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees or made any investment (other than in the units of mutual fund) as per the provisions of Section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with related parties during the financial year were at arm's length basis and in the Company's ordinary course of business. During the year, the Company had not entered into any contract/ arrangement with related parties which are material as per the provisions of Section 188 of the Companies Act, 2013.

STATUTORY AUDITORS & THEIR REPORT

M/s Singhi & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. As required under the provisions of Section 141 of the Companies Act, 2013 the Company has obtained a written confirmation from the retiring Auditors, to the effect that their re-appointment, if made, shall be within the limits of section 141(3)(g) of the Companies Act, 2013. The observations made by the Auditors of the Company in their report are in the nature of general disclosure and are self explanatory.

SECRETARIAL AUDITORS & THEIR REPORT

The Board has appointed M/s Abhishek Mittal & Associates, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as Annexure V to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

SIGNIFICANT AND MATERIAL ORDERS

No orders have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's operation in future.

RISK MANAGEMENT

The Company assesses the significant risks that might impact the achievement of the Company's objectives and develops risk management strategies to mitigate/minimize identified risks and designs appropriate risk management procedure.

PARTICULARS OF REMUNERATION

As required under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees receiving remuneration above prescribed threshold are set out in the annexure - III forming part of this report.

EXTRACT OF ANNUAL RETURN

Extract of the Annual Return of the Company as on the financial year ended 31st March, 2015 as per Annexure IV forming part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

A statement of Director's Responsibility as prescribed under Section 134 of the Companies Act, 2013 is given below:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

FIXED DEPOSITS

The company has not accepted any fixed deposits from the public during the year and there is no sum remaining unpaid and unclaimed at the end of the year.

OTHER INFORMATION

As per company's regular policy, the Company continues to give high priority to conservation of energy in the production of tea at Company's Avongrove Tea Estate.

The Company has no activity relating to technology absorption.

The foreign exchange outgo and earnings are given in Note no. 27.07 & 27.08 in Other Notes to Accounts.

QUALITY MANAGEMENT SYSTEM

The Company is effectively maintaining the Quality system as per the requirements of ISO 9001:2008, Certificate of Registration for which was granted by INTERTEK Quality Registrar.

ACKNOWLEDGMENT

Your Directors take this opportunity to thank the Company's suppliers, principals, customers, employees, bankers and investors for their continued and unstinted support.

Registered Office:

212A, 216 & 222, 2nd Floor,
'Indraprakash'
21, Barakhamba Road,
New Delhi 110 001

Dated: 16.06.2015

For and on behalf of the Board

R. V. Kanoria
Chairman
Din: 00003792

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs undertaken/ proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

CSR Initiatives taken by the Company during the year includes woman empowerment and promotion of vocational skills as well as promotion of education.

CSR Policy of the Company is available on the Company's website (www.kplintl.com/investors).

2. Composition of CSR Committee

| Name of the member | Designation |
|-------------------------|----------------------|
| Shri Vinay Kumar Bagla | Independent Director |
| Shri Surinder Kumar Kak | Managing Director |
| Shri Tulsi Das Bahety | Director |

3. Average net profit of the company for last three financial years:

Average Net Profit – Rs. 189,786,618.

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

Total amount required to spend - Rs. 3,795,732.

5. Details of CSR spend for the financial year:

- a) Amount spent for the financial year: Rs. 35,66,910
(out of Rs. 40 Lakhs contributed by the Company)
- b) Amount unspent, if any: Rs. 2,28,822. This amount shall be spent in F.Y 2015-16.
- c) Manner in which the amount spent during the financial year: Detailed below:

| (1) S.No | (2) CSR project or activity identified | (3) Sector in which the project is covered | (4) Projects or programs (i) Local area or other (ii) Specify the state and district where project or programs was undertaken | (5) Amount outlay (budget) project or program wise (Rs.) | (6) Amount spent on the project or programs Sub heads: (i) Direct expenditure on project (ii) Overheads | (7) Cumulative expenditure up to the reporting period | (8) Amount spent: Direct or through implementing agency* |
|-------------|---|--|--|---|--|--|---|
| 1. | HUNAR – Empowering Woman through Skills | Woman Empowerment & Promotion of Vocational Skills | All over Delhi | 20,76,400 | 20,76,400 | 20,76,400 | A Trust |
| 2. | KOSHISH - Skilling and Empowering Woman with Disabilities | Woman Empowerment & Promotion of Vocational Skills | All over Delhi | 1,50,000 | 1,50,000 | 1,50,000 | A Trust |
| 3. | Scholarship for Diploma in Travel Management for women | Woman Empowerment & Promotion of Vocational Skills | All over Delhi | 1,78,500 | 1,78,500 | 1,78,500 | A Trust |
| 4. | Scholarship for Diploma Apparel Designing for Woman | Woman Empowerment & Promotion of Vocational Skills | All over Delhi | 22,000 | 22,000 | 22,000 | A Trust |
| 5. | Scholarship for Educational Promotion | Promotion of Education | All over India | 1,40,010 | 1,40,010 | 1,40,010 | A Trust |
| | | | Total | 25,66,910 | 25,66,910 | 25,66,910 | |

Additionally, the Company has contributed Rs. 10 lacs towards the corpus of the Trust which shall be exclusively used for CSR activities covered in Schedule VII of the Act.

Place: New Delhi
Date: 16.06.2015

Surinder Kumar Kak
Managing Director &
Chairman CSR Committee

FORM AOC – 1

(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”; Subsidiary – KPL Logistics Limited

| S. No | Information | Amount (Rs.) |
|-------|---|---------------------------------|
| 1. | Reporting Period for the subsidiary concerned, if different from the holding company's reporting period | Same as that of Holding Company |
| 2. | Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries | NA |
| 3. | Share Capital | 5,00,000 |
| 4. | Reserves & Surplus | 98,357 |
| 5. | Total assets | 6,08,469 |
| 6. | Total liabilities | 10,112 |
| 7. | Investments | 5,84,511 |
| 8. | Turnover | Nil |
| 9. | Profit before taxation | (15,958) |
| 10. | Proposed dividend | Nil |
| 11. | % of Shareholding | 100% |

Additional Information:

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

PART “B”: Associates and Joint Ventures

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

| | |
|---|----|
| Name of Associate/ Joint Ventures | NA |
| Latest audited Balance Sheet Date | NA |
| Shares of Associate/ Joint Ventures held by the Company on the year end | NA |
| No. | NA |
| Amount of investment in Associates/ Joint Venture | NA |
| Extent of Holding % | NA |
| 3. Description of how there is significant influence | NA |
| 4. Reason why the associate/ joint venture is not consolidated | NA |
| 5. Net worth attributable to Shareholding as per latest audited Balance Sheet | NA |
| 6. Profit/ Loss for the year | NA |
| i. Considered in consideration | NA |
| ii. Not considered in consideration | NA |

Additional Information:

- Names of associates or joint ventures which are yet to commence operations - NA
- Names of associates or joint ventures which have been liquidated or sold during the year - NA

Place: New Delhi
Dated: 16.06.2015

For and on behalf of the Board

R. V. Kanoria
Chairman
Din: 00003792

ANNEXURE TO THE DIRECTOR'S REPORT

Particulars of employee pursuant to Rule 5(2) of Directors Appointment and Remuneration) Rules, 2014, forming part of the Director's Report for the year ended 31st March, 2015.

| Name | Designation | Remuneration (Rs.) | Qualification | Age (years) | Experience (years) | Date of Joining | Last Employment |
|---------------|--------------------|---------------------------|---------------------------------|--------------------|---------------------------|------------------------|--|
| Shri S.K. Kak | Managing Director | 85,58,874 | B.A., PG in Business Management | 59 | 33 | 01.09.2011 | Kanoria Chemicals & Industries Limited |

Notes:

1. Remuneration includes Salary, Commission, House Rent Allowance and Company's Contribution to Provident Fund, Leave Travel Assistance, Medical and other facilities.
2. Appointment is contractual.
3. The above employee is not a relative of any Director of the Company.
4. The above employee does not hold any Equity Share in the Company.

Registered Office:

212A, 216 & 222, 2nd Floor,
'Indraprakash'
21, Barakhamba Road,
New Delhi 110 001
Dated: 16.06.2015

For and on behalf of the Board

R. V. Kanoria
Chairman
Din: 00003792

Form No. MGT-9

EXTRACT OF ANNUAL RETURNAs on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i) | CIN: | U23209DL1974PLC029068 |
| ii) | Registration Date | 17/04/1974 |
| iii) | Name of the Company | KPL INTERNATIONAL LIMITED |
| iv) | Category / Sub-Category of the Company | Company Limited by Shares |
| v) | Address of the Registered office and contact details | 212A, 216 & 222, 2nd Floor, Indraprakash, 21, Barakhamba Road, New Delhi 110 001 |
| vi) | Whether listed company | No |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent | RCMC Share Registry Private Limited B-25/1, 1 st Floor, Okhla Industrial Area, Phase – II, New Delhi 110 020 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

| Sl. No. | Name & Description of main products/services | NIC Code of the Product/ Service | % of total turnover of the Company |
|---------|---|----------------------------------|------------------------------------|
| 1. | Wholesale of Industrial Chemicals, Polymers, etc. | 4669 | 90% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| S.No | Name and Address of the Company | CIN/GLN | Holding/Subsidiary Company | % of shares held | Applicable Section |
|------|---------------------------------|-----------------------|----------------------------|------------------|--------------------|
| 1 | M/s KPL Logistics Limited | U25209DL1985PLC042111 | SUBSIDIARY COMPANY | 100% | 2(87) |
| 2. | M/s Vardhan Finvest Limited | U74140WB2006PLC108600 | HOLDING COMPANY | 93.25 | 2(46) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)*i) Category-wise Share Holding*

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|----------------------------|---|--------------|--------------|-------------------|---|--------------|--------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| 1. Indian | | | | | | | | | |
| a) Individual/HUF | 97 | 872 | 969 | 6.39 | 89 | 872 | 961 | 6.34 | 0.05 |
| b) Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) State Govt. (s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Bodies Corp. | Nil | 14113 | 14113 | 93.09 | Nil | 14136 | 14136 | 93.25 | 0.15 |
| e) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Any Other.... | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (A) (1):- | 97 | 14985 | 15082 | 99.48 | 89 | 15008 | 15097 | 99.59 | 0.11 |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|--------------|--------------|-------------------|---|--------------|--------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Foreign | | | | | | | | | |
| a) NRIs - Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Other – Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Any Other.... | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (A) (2):- | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 97 | 14985 | 15082 | 99.48 | 89 | 15008 | 15097 | 99.59 | 0.11 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds/Banks/FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) State Govt.(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Venture Capital funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Insurance Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| g) FIs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| h) Foreign Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i) Others (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (B)(1):- | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | 40 | 38 | 78 | 0.52 | 36 | 27 | 63 | 0.41 | 0.11 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Others | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (B)(2):- | 40 | 38 | 78 | 0.52 | 36 | 27 | 63 | 0.41 | 0.11 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 40 | 38 | 78 | 0.52 | 36 | 27 | 63 | 0.41 | 0.11 |
| C. Shares held by Custodian for GDRs & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand Total (A+B+C) | 137 | 15023 | 15160 | 100 | 125 | 15035 | 15160 | 100 | Nil |

ii) Shareholding of Promoters

| S.No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | Shares of % change in shareholding during the year |
|-------|------------------------|---|----------------------------------|---|--------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged /encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged /encumbered to total shares | |
| 1. | Anand Vardhan Kanoria | 15 | 0.1 | Nil | 15 | 0.1 | Nil | Nil |
| 2. | Anand Vardhan Kanoria | 436 | 2.87 | Nil | 436 | 2.87 | Nil | Nil |
| 3. | Madhuvanti Kanoria | 59 | 0.39 | Nil | 59 | 0.39 | Nil | Nil |
| 4. | Saumya Vardhan Kanoria | 15 | 0.1 | Nil | 15 | 0.1 | Nil | Nil |
| 5. | Saumya Vardhan Kanoria | 436 | 2.87 | Nil | 436 | 2.87 | Nil | Nil |

| S.No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | Shares of % change in shareholding during the year |
|-------|---|---|----------------------------------|---|--------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged /encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged /encumbered to total shares | |
| 6. | Anuja Tantia | 8 | 0.05 | Nil | Nil | Nil | Nil | 0.05 |
| 7. | Vardhan Finvest Limited | 14108 | 93.06 | Nil | 14131 | 93.21 | Nil | 0.15 |
| 8. | Vardhan Finvest Limited with S. N. Patiodia | 1 | 0.01 | Nil | 1 | 0.01 | Nil | Nil |
| 9. | Vardhan Finvest Limited with S. K. Kak | 1 | 0.01 | Nil | 1 | 0.01 | Nil | Nil |
| 10. | Vardhan Finvest Limited with Sandeep Soni | 1 | 0.01 | Nil | 1 | 0.01 | Nil | Nil |
| 11. | Vardhan Finvest Limited with M. L. Agarwal | 1 | 0.01 | Nil | 1 | 0.01 | Nil | Nil |
| 12. | Vardhan Finvest Limited with Rajeev Datta | 1 | 0.01 | Nil | 1 | 0.01 | Nil | Nil |
| | Total | 15082 | 99.49 | | 15097 | 99.59 | | 0.1 |

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

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Vardhan Finvest Limited | | | | |
| | At the beginning of the year | 14113 | 93.09 | 14113 | 93.09 |
| | 20.08.2014 Transfer | (+)1 | 0.01 | 14114 | 93.10 |
| | 21.08.2014 Transfer | (+)1 | 0.01 | 14115 | 93.11 |
| | 06.09.2014 Transfer | (+)4 | 0.03 | 14119 | 93.14 |
| | 29.09.2014 Transfer | (+)1 | 0.01 | 14120 | 93.15 |
| | 13.11.2014 Transfer | (+)6 | 0.04 | 14126 | 93.19 |
| | 26.12.2014 Transfer | (+)8 | 0.05 | 14134 | 93.24 |
| | 31.03.2015 Transfer | (+)2 | 0.01 | 14136 | 93.25 |
| | At the End of the year | | | 14136 | 93.25 |

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

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Shareholding at the End of the year | |
|---------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Mayur Saraf | 8 | 0.05 | 8 | 0.05 |
| 2 | Chirayush Pravin Vakil | 6 | 0.04 | 6 | 0.04 |
| 3 | Renu Gupta | 5 | 0.03 | 5 | 0.03 |
| 4 | R G Nayak | 5 | 0.03 | 5 | 0.03 |
| 5 | G Gurumanickam | 4 | 0.03 | 4 | 0.03 |
| 6 | Suresh Kumar | 3 | 0.02 | 3 | 0.02 |
| 7 | Ashok Kumar Verma | 2 | 0.01 | 2 | 0.01 |
| 8 | Gulshan Lal | 2 | 0.01 | 2 | 0.01 |
| 9 | Jayantilal Khetshi Shah | 2 | 0.01 | 2 | 0.01 |
| 10 | Pushpinder Kaur Dhillon | 2 | 0.01 | 2 | 0.01 |

v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Anand Vardhan Kanoria | | | | |
| | At the beginning of the year | 451 | 2.97 | 451 | 2.97 |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease | --- | --- | --- | --- |
| | At the end of the year | 451 | 2.97 | 451 | 2.97 |
| 2 | Saumya Vardhan Kanoria | | | | |
| | At the beginning of the year | 451 | 2.97 | 451 | 2.97 |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease | --- | --- | --- | --- |
| | At the end of the year | 451 | 2.97 | 451 | 2.97 |

V. INDEBTEDNESS (Rs. In Lakhs)

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits * | Total Indebtedness |
|--|----------------------------------|-----------------|------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 294.09 | Nil | Nil | 294.09 |
| ii) Interest due but not paid | --- | Nil | Nil | --- |
| iii) Interest accrued but not due | --- | Nil | Nil | --- |
| Total (i+ii+iii) | 294.09 | Nil | Nil | 294.09 |
| Change in Indebtedness during the financial year | | Nil | Nil | |
| Addition | 6,564.58 | Nil | Nil | 6,564.58 |
| Reduction | 5,272.01 | Nil | Nil | 5,272.01 |
| Net Change | 1,292.57 | Nil | Nil | 1,292.57 |
| Indebtedness at the end of the financial year | | Nil | Nil | |
| i) Principal Amount | 1,584.87 | Nil | Nil | 1,584.87 |
| ii) Interest due but not paid | --- | Nil | Nil | --- |
| iii) Interest accrued but not due | 1.79 | Nil | Nil | 1.79 |
| Total (i+ii+iii) | 1,586.66 | Nil | Nil | 1,586.66 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | Amount (in Rs.) |
|---------|---|---|
| | Surinder Kumar Kak - Managing Director | |
| 1. | Gross salary | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 54,09,670 |
| (b) | Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | Nil |
| (c) | Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | Nil |
| 2. | Stock Option | Nil |
| 3. | Sweat Equity | Nil |
| 4. | Commission - as % of profit | 28,39,604 |
| 5. | Others, please specify | 3,09,600 |
| | Total (A) | 85,58,874 |
| | Ceiling as per the Act | 5% of the profits calculated under Section 198 of the Companies Act, 2013 |

B. Remuneration to other Directors: (Amount in Rs.)

| Sl. No. | Particulars of Remuneration | Name of Director | | | |
|---------|--|-----------------------|-----------------------|------------------------|------------------|
| | | Rajya Vardhan Kanoria | Anand Vardhan Kanoria | Saumya Vardhan Kanoria | Tulsi Das Bahety |
| 1 | Independent Directors Fee for attending board / committee meetings | Nil | Nil | Nil | Nil |
| | Commission | Nil | Nil | Nil | Nil |
| | Others, please specify | Nil | Nil | Nil | Nil |
| | Total (1) | Nil | Nil | Nil | Nil |
| 2 | Other Non-Executive Directors | | | | |
| | Fee for attending board / committee meetings | 25000 | 15000 | 25000 | 15000 |
| | Commission | — | — | — | — |
| | Others, please specify | — | — | — | — |
| | Total (2) | 25000 | 15000 | 25000 | 15000 |
| | Total (B)=(1+2) | 25000 | 15000 | 25000 | 15000 |
| | Total Managerial Remuneration | 25000 | 15000 | 25000 | 15000 |
| | Overall Ceiling as per the Act | — | — | — | — |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Rs. In Lakhs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---------|---|--------------------------|-----|--------------|
| | | | | |
| | | NOT APPLICABLE | | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | Nil | Nil |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil |
| 4 | Commission - as % of profit - others, specify... | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil |
| | Total (C) | Nil | Nil | Nil |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended on 31st March, 2015

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

To,
The Members,
KPL International Limited
212A, 216 & 222, 2nd Floor
Indraprakash, 21, Barakhamba Road
New Delhi – 110 001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. KPL International Limited (hereinafter called “the Company”) (CIN: U23209DL1974PLC029068). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 (“Audit Period) complied with the statutory provisions listed hereunder and also that the Company has Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
During the period under review, the Company has complied with the provisions of the aforesaid Act and the rules made thereunder except the following:
 - (a) The Company has filed Form MGT-14 on 10th June 2015 in respect of MBP-1 dated 25th November, 2014 received from a Director, with Registrar of Companies, NCT of Delhi & Haryana.
 - (b) The appointment of Auditor in the last Annual General Meeting held on 18th September, 2014 has been done for one Financial year.
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder; - Not Applicable to the Company during the Audit Period.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Not Applicable to the Company during the Audit Period as the Company is an Unlisted Public Company.

(vi) The Company has identified the following laws as specifically applicable to the Company in respect of which, the Company holds the valid licenses and/or certificate of registration during the audit period:

1. Food Safety and Standard Act, 2006
2. Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations 2011
3. Drugs and Cosmetics Act, 1940 and Rules made thereunder
4. Gas Cylinder Rules 2004
5. Indian Explosives Act 1884
6. Static & Mobile Pressure Vessel (Unfired) Rules, 1981
7. Tea (Marketing) Control Order, 2003
8. Tea (Distribution & Export) Control Order 2005

Having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis and as per the representations and clarifications made, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations noted against (i) above.

In respect of other laws specifically applicable to the Company, we have relied on the information/records produced by the Company during the course of our audit and the reporting is limited to that extent only.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. - During the period under review, ICSI had not issued Secretarial Standards corresponding with reference to the provisions of the Companies Act, 2013;
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable: Not Applicable to the Company during the Audit Period as the Company is an Unlisted Public Company.

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as on 31st March, 2015. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings and agenda were sent at least seven days in advance. As explained by the management, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- On the basis of Minutes of Board Meeting, it is apparent that all the decisions are carried through unanimous consensus and there were no dissenting members' views and hence, no recording was done in this regard as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on the basis of certificate issued by officers of the Company, we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period except the following events:

- (i) Re-appointment of Managing Director for a period of 3 years w.e.f. 01st September, 2014 and revised his remuneration by passing a Special Resolution in the Annual General Meeting held on 18th September, 2014.
- (ii) Passing of Special Resolution in pursuance to Section 180(1) (a) of the Companies Act, 2013 in the Annual General Meeting held on 18th September, 2014.
- (iii) Transfer of unclaimed and unpaid dividend relating to Financial year 2006-07 to Investor Education Protection Fund;

There were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, having a major bearing on the Company's Affairs.

We further report that the compliance by the Company of applicable labour laws and financial laws, like direct and indirect tax laws and financial accounts, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

Place: New Delhi
Date: 16/06/2015

For Abhishek Mittal & Associates

(CS Abhishek Mittal)
Practising Company Secretary
M. No. : F7273 C. P. No. : 7943

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

"ANNEXURE A"

To,
The Members,
KPL International Limited
(CIN: U23209DL1974PLC029068)
212A, 216 & 222, 2nd Floor
Indraprakash, 21, Barakhamba Road
New Delhi – 110 001

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

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

Place: New Delhi
Date: 16/06/2015

For Abhishek Mittal & Associates

(CS Abhishek Mittal)
Practising Company Secretary
M. No. : F7273 C. P. No. : 7943

INDEPENDENT AUDITOR'S REPORT

To the Members of KPL International Limited,

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **KPL International Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Notes to the financial statements:

- a. Note 26.02 to the financial statements, pertaining to trade receivables under litigation.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches/depots not visited by us.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from other branches/depots not visited by us.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 26.01 (b) to the Financial Statements;
 - ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education & Protection Fund by the company.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Place: New Delhi
Date: 16th June, 2015

B.L. Choraria
Partner
Membership No. 22973

Annexure referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements

Re: KPL International Limited

- (i) a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As informed to us, the company has a phased programme of physical verification of its fixed assets, which in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. Management has physically verified certain fixed assets during the year and as informed to us, no material discrepancies were noticed as compared to books of accounts.
- (ii) a. As explained to us, inventories were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the requirements of clauses (iii) (a) to (b) of the paragraph 3 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and hence provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder with regard to the deposits accepted from the public are not applicable to the company.
- (vi) Rules made by the central government for the maintenance of cost records under sub-section (1) of section 148 of the Act are not applicable to the company.
- (vii) a. According to the records of the Company, the Company is generally regular in depositing material undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, service tax, wealth tax, custom duty, excise duty, income tax, cess and other statutory dues applicable to it with the appropriate authorities. There was no material undisputed outstanding statutory dues as at the year-end for a period of more than six months from the date they became payable.
- b. According to the information and explanation given to us and records of the Company, there are no dues outstanding of sales tax, income tax, service tax, custom duty, wealth tax, excise duty and cess on account of any dispute, other than the following:

| Nature of Dues | Amount Involved (Rs.) | Amount paid under Protest (Rs.) | Forum where the dispute is pending |
|---|-----------------------|---------------------------------|------------------------------------|
| Sales Tax (including Penalty of Rs. 5303960) | 88,39,933 | -- | High Court |

- c. During the year unclaimed dividend amounting to Rs. 6,055 has been transferred to Investor Education and Protection Fund with in the due date in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash loss in the current year or in the immediately preceding financial year.
- (ix) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. We have been informed that the Company has not issued any debenture during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution, the terms and conditions whereof are prejudicial to the interest of the company.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed during the year by the Company were, prima facie, applied by the Company for the purpose for which loans were obtained.
- (xii) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Place: New Delhi
Date: 16th June, 2015

B.L. Choraria
Partner
Membership No. 22973

KPL INTERNATIONAL LIMITED
BALANCE SHEET
AS AT 31ST MARCH 2015

| Particulars | Note No. | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) |
|---|----------|---------------------------|---------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 2 | 15,186,500 | 15,186,500 |
| (b) Reserves and Surplus | 3 | 588,582,980 | 562,104,016 |
| | | 603,769,480 | 577,290,516 |
| (2) Non-current Liabilities | | | |
| (a) Deferred Tax Liabilities (Net) | 4 | 1,658,945 | 9,244,440 |
| (b) Other Long-term Liabilities | 5 | 2,372,959 | 3,187,725 |
| (c) Long-term Provisions | 6 | 8,849,458 | 7,041,177 |
| | | 12,881,362 | 19,473,342 |
| (3) Current Liabilities | | | |
| (a) Short-term Borrowings | 7 | 158,487,437 | 29,409,098 |
| (b) Trade Payables | 8 | 307,540,885 | 229,227,470 |
| (c) Other Current Liabilities | 9 | 79,748,416 | 44,532,665 |
| (d) Short-term Provisions | 6 | 132,983,790 | 111,990,373 |
| | | 678,760,528 | 415,159,606 |
| TOTAL | | 1,295,411,370 | 1,011,923,464 |
| II. ASSETS | | | |
| (1) Non-current Assets | | | |
| (a) Fixed Assets | 10 | | |
| (i) Tangible Assets | | 274,137,796 | 287,547,128 |
| (ii) Intangible Assets | | 17,303,338 | 22,853,980 |
| | | 291,441,134 | 310,401,108 |
| (b) Non-current Investments | 11 | 48,528,539 | 37,627,634 |
| (c) Long-term Loans & Advances | 12 | 3,599,545 | 7,027,599 |
| | | 343,569,218 | 355,056,341 |
| (2) Current Assets | | | |
| (a) Inventories | 13 | 203,000,572 | 158,324,674 |
| (b) Trade Receivables | 14 | 413,716,072 | 351,733,271 |
| (c) Cash and Cash Equivalents | 15 | 191,746,987 | 56,751,550 |
| (d) Short-term Loans & Advances | 12 | 137,068,201 | 85,018,340 |
| (e) Other Current Assets | 16 | 6,310,320 | 5,039,288 |
| | | 951,842,152 | 656,867,123 |
| TOTAL | | 1,295,411,370 | 1,011,923,464 |
| Significant Accounting policies | 1 | | |
| Contingent Liabilities and Commitments | 26 | | |
| Other Notes to Accounts | 27 | | |

The accompanying notes are an integral part of the Financial Statements.

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

For and on behalf of the Board

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302049E

Surinder Kumar Kak
Managing Director
DIN: 00044521

R.V. Kanoria
Chairman
DIN: 00003792

B.L. Choraria, Partner
Membership No. 22973

M.L. Agarwal
Chief Financial Officer

Ummang Mutreja
Company Secretary

Place: New Delhi
Dated: 16.06.2015

KPL INTERNATIONAL LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH 2015

| Particulars | Note No. | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|--|----------|---|---|
| I. Revenue from Operations (Net) | 17 | 2,286,163,173 | 3,023,809,007 |
| II. Other Income | 18 | 40,702,521 | 31,747,753 |
| III. Total Revenue(I+II) | | 2,326,865,694 | 3,055,556,760 |
| IV. Expenses: | | | |
| Cost of Materials Consumed | 19 | 8,298,514 | 30,439,754 |
| Purchases of Stock-in-Trade | 20 | 1,920,129,610 | 2,563,357,636 |
| Change in Inventories of finished goods, work-in-progress and Stock-in-Trade | 21 | (43,292,962) | 7,870,953 |
| Employee Benefits Expense | 22 | 113,912,312 | 106,700,669 |
| Finance Costs | 23 | 9,711,495 | 11,512,177 |
| Depreciation & Amortization Expenses | 24 | 29,157,558 | 24,695,329 |
| Other Expenses | 25 | 137,510,633 | 139,160,208 |
| Total Expenses | | 2,175,427,160 | 2,883,736,726 |
| V. Profit before Tax (III-IV) | | 151,438,534 | 171,820,034 |
| VI. Tax Expense | | | |
| (a) Current Tax | | 57,100,000 | 56,700,000 |
| (b) Deferred Tax | | (6,996,380) | 1,240,414 |
| (c) Provision for Taxation of earlier year | | 727,026 | 809,718 |
| | | 50,830,646 | 58,750,132 |
| VII. Profit for the Period (V-VI) | | 100,607,888 | 113,069,902 |
| Earning per Equity Share of Rs 1000/- each | 27.09 | | |
| Basic & Diluted | | 6,636 | 7,458 |
| Significant Accounting policies | 1 | | |
| Other Notes to Accounts | 27 | | |

The accompanying notes are an integral part of the Financial Statements.

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

For and on behalf of the Board

For SINGHI & CO.

Chartered Accountants
Firm Reg. No. 302049E

Surinder Kumar Kak
Managing Director
DIN: 00044521

R.V. Kanoria
Chairman
DIN: 00003792

B.L. Choraria, Partner
Membership No. 22973

M.L. Agarwal
Chief Financial Officer

Ummang Mutreja
Company Secretary

Place: New Delhi
Dated: 16.06.2015

KPL INTERNATIONAL LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and exceptional items | 151,438,534 | 171,820,034 |
| Adjustments for: | | |
| Depreciation & Amortisation | 29,157,558 | 24,695,329 |
| Sundry Balances Written off | 288,521 | 843,020 |
| (Profit) / Loss on Sale of Fixed Assets | (493,614) | (1,823,526) |
| Interest | 2,292,989 | 2,378,219 |
| Net Provision | 11,350,874 | (898,918) |
| Dividend Income from Investments | (1,388,653) | (34,007) |
| Income from Portfolio Investments | (335,946) | (326,886) |
| Liability no longer required written back | (573,561) | (1,184,394) |
| Interest Income | (13,986,895) | (10,154,542) |
| Unrealised Foreign Exchange Fluctuation(NET) | 7,530,219 | (1,331,884) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 185,280,026 | 183,982,445 |
| (Increase) / Decrease in Sundry Debtors | (77,502,717) | (48,067,097) |
| (Increase) / Decrease in Inventories | (44,675,898) | 8,398,318 |
| (Increase) / Decrease in Loan & Advances | (49,036,106) | (5,772,181) |
| (Increase) / Decrease in Liabilities | 111,993,496 | (168,238,530) |
| CASH GENERATED FROM OPERATIONS | 126,058,801 | (29,697,045) |
| Income Tax Paid | 56,386,121 | 59,124,548 |
| CASH FROM OPERATING ACTIVITIES BEFORE PRIOR PERIOD ITEMS | 69,672,680 | (88,821,593) |
| Prior Period Items | - | - |
| NET CASH GENERATED FROM OPERATIONS | 69,672,680 | (88,821,593) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (12,990,494) | (72,618,750) |
| Purchase of Investments (Net) | (10,900,905) | 69,421,539 |
| Dividend and Interest Income from Investments | 13,562,329 | 18,776,373 |
| Income from Portfolio Investments | 335,946 | 326,886 |
| Net Proceeds from Sale of Fixed Assets | 1,553,325 | 2,203,613 |
| NET CASH FROM INVESTING ACTIVITIES | (8,439,799) | 18,109,661 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Short Term Borrowing from Bank | 129,078,338 | 8,835,526 |
| Interest Paid | (2,114,401) | (2,378,219) |
| Dividend Paid | (53,209,326) | (35,472,887) |
| NET CASH USED/FROM FINANCING ACTIVITIES | 73,754,611 | (29,015,580) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 134,987,492 | (99,727,512) |
| Cash and cash equivalent as at 31.03.2014 | 56,622,580 | 156,350,092 |
| Cash and cash equivalent as at 31.03.2015 | 191,610,072 | 56,622,580 |
| Cash and Cash equivalents includes | | |
| Cash and Bank Balances | 191,746,987 | 56,751,550 |
| Less: Unpaid Dividend | 136,915 | 128,970 |
| Cash and Cash Equivalents | 191,610,072 | 56,622,580 |

- Notes: 1. The cash flow statement has been prepared under indirect method as per accounting standard (AS-3).
2. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable.

This is the Cash Flow Statement referred to in our report of even date.
For SINGHI & CO.

Chartered Accountants
Firm Reg. No. 302049E

B.L. Choraria, Partner
Membership No. 22973

Place: New Delhi
Dated: 16.06.2015

For and on behalf of the Board

Surinder Kumar Kak
Managing Director
DIN: 00044521

M.L. Agarwal
Chief Financial Officer

R.V. Kanoria
Chairman
DIN: 00003792

Ummang Mutreja
Company Secretary

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING CONVENTION

- i) The financial statements of the company have been prepared in accordance with generally accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 (The 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of The Act, to the extent notified. The financial statements have been prepared under the historical cost convention on an accrual basis. The Accounting Policies applied by the company are consistent with those used in the previous year.
- ii) All items of Income & Expenditure is recognized on accrual basis, except Insurance claims & claims of Customers or Principals being accounted for as and when settled on account of uncertainty involved.
- iii) Income on Portfolio Investment is recognised on realisation basis.
- iv) Income/Expenditure from venture capital investment is recognised on the basis of statement received from them up to the date of finalisation of accounts.

B. REVENUE RECOGNITION

- i) Revenue from sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery and is net of trade discount/rebate etc.
- ii) Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- iii) Export entitlements under the duty drawback scheme are recognised in the statement of Profit and Loss when the right to receive as per the terms of the scheme is established.

C. TANGIBLE ASSETS AND DEPRECIATION

- i) Tangible Assets are stated at cost, net of accumulated depreciation and net accumulated impairment losses, if any. Cost comprises purchase price and directly attributable costs of bringing the assets to its working condition for the intended use.
- ii) In respect of tangible assets, depreciation has been charged over useful lives on Written Down Value Method (WDV) as prescribed in Schedule II as notified under The Act.

D. INTANGIBLE ASSETS AND AMORTISATION

- i) Intangible Assets are stated at acquisition cost, net of accumulated amortisation and net accumulated impairment losses, if any.
- ii) Intangible Assets are amortised over their estimated useful life on Written Down Value method as per applicable Accounting Standard 26 (Intangible Assets).

E. VALUATION OF INVENTORIES

Inventories are valued at cost or net realisable value, whichever is lower. Cost is computed on the basis of weighted average cost. Cost comprises relevant expenditure incurred in the normal course of business in bringing such inventories to its locations.

F. INVESTMENTS

Long term investments are stated at cost. The company provides for diminution, other than temporary, in the value of long term investments. Current investments are valued at lower of cost or market value.

NOTES TO FINANCIAL STATEMENTS

G. BORROWING COST

Interest and other costs in connection with borrowed funds to the extent related to the acquisition of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use. Other borrowing costs are charged to statement of Profit and Loss.

H. FOREIGN CURRENCY TRANSACTIONS

- i) All Assets and Liabilities in foreign currency including currency hedging contracts outstanding at the close of the year are converted into Indian Currency at the rates of exchange prevailing on the date of the Balance Sheet and difference is adjusted in the statement of Profit and Loss. In respect of transactions covered under forward foreign exchange contracts, the difference between the forward rate and exchange rate at the inception of the contract is recognised as expense or income over the life of the contract.
- ii) On transactions completed during the year, gains/losses arising out of fluctuations in exchange rate are recognized in the statement of Profit and Loss in the period they arise.

I. RETIREMENT BENEFITS

- i) The liability towards leave encashment at the year end is accounted for on actuarial valuation basis.
- ii) Company makes annual contribution of gratuity to Group Gratuity Policy with Life Insurance Corporation of India, a scheme created for the purpose of qualifying employees except for Avongrove Tea Estate for which liability is provided in accordance with AS 15 issued by ICAI.

J. TAXATION

- i) Current tax is the provision made for the amount of income tax payable in respect of taxable income for the period.
- ii) Deferred tax is recognised on timing differences between taxable income and accounting income which are capable of being reversed in one or more subsequent periods subject to consideration of prudence.
- iii) Deferred tax assets on unabsorbed depreciation and carry forward of losses are recognized to the extent of the virtual certainty that there will be sufficient future taxable income available to realize such deferred assets.
- iv) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.

K. IMPAIRMENT

Impairment loss is recognised wherever the carrying amount of an assets is in excess of its recoverable amount and the same is recognised as an expense in the statement of Profit and Loss, and carrying amount of the assets is reduced to its recoverable amount, Reversal of impairment losses recognised in prior years recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

L. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes to Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) | | |
|---|-----------------------------------|---------------------------|-----------------------------------|---------------------|
| 2. SHARE CAPITAL | | | | |
| (a) AUTHORISED | | | | |
| 99,700 Equity Shares of Rs. 1,000/- each | 99,700,000 | 99,700,000 | | |
| 3,000 9.8% Redeemable Cumulative Preference Shares of Rs. 100/- each | <u>300,000</u> | <u>300,000</u> | | |
| | 100,000,000 | 100,000,000 | | |
| (b) ISSUED | | | | |
| 15,160 Equity Shares of Rs. 1,000/- each fully paid up | <u>15,160,000</u> | <u>15,160,000</u> | | |
| (c) SUBSCRIBED AND PAID UP | | | | |
| 15,160 Equity Shares of Rs. 1,000/- each fully paid up | 15,160,000 | 15,160,000 | | |
| Add: Forfeited Shares (Amount Originally paid up) | <u>26,500</u> | <u>26,500</u> | | |
| | 15,186,500 | 15,186,500 | | |
| (d) Reconciliation of Equity Shares (Nos.) | | | | |
| Balance as at the beginning of the year | <u>15,160</u> | <u>15,160</u> | | |
| Balance as at the end of the year | 15,160 | 15,160 | | |
| (e) Terms/ rights attached to equity shares | | | | |
| The Company has one class of Equity Share having par value of Rs.1,000 per share. Each holder of Equity Share is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding. | | | | |
| (f) 14,136 (Previous Year 14,113) Nos. of equity shares of the company held by its Holding company Vardhan Finvest Limited. | | | | |
| (g) Details of Share held by shareholders holding more than 5 % of the aggregate shares in the Company: | | | | |
| | As at 31.03.2015 | | As at 31.03.2014 | |
| Name of shareholder | Nos. | % of Holding | Nos. | % of Holding |
| Vardhan Finvest Limited | 14,136 | 93.25 | 14,113 | 93.09 |
| | As at 31.03.2015 (Rs.) | | As at 31.03.2014 (Rs.) | |
| 3. RESERVES & SURPLUS | | | | |
| (a) CAPITAL REDEMPTION RESERVE | | | | |
| Balance as at the beginning of the year | <u>4,750</u> | <u>4,750</u> | | |
| Balance as at the end of the year | 4,750 | 4,750 | | |
| (b) GENERAL RESERVE | | | | |
| Balance as at the beginning of the year | 63,154,000 | 51,754,000 | | |
| Add: Transfer from Surplus in Statement of Profit and Loss during the year | 250,000,000 | 11,400,000 | | |
| Less: Depreciation* | <u>1,144,087</u> | <u>-</u> | | |
| Balance as at the end of the year | 312,009,913 | 63,154,000 | | |
| * Being the carrying amount of assets acquired prior to 1st April 2014 and whose remaining useful life as per schedule II of the Companies Act, 2013 was nil as on 31st March 2014. | | | | |
| (c) SURPLUS IN STATEMENT OF PROFIT AND LOSS | | | | |
| Balance as at the beginning of the year | 498,945,266 | 450,484,690 | | |
| Profit for the year | 100,607,888 | 113,069,902 | | |
| Less: Appropriations | | | | |
| Proposed Dividend on Equity Shares | 60,640,000 | 45,480,000 | | |
| Dividend Distribution Tax | 12,344,837 | 7,729,326 | | |
| Transfer to General Reserve | <u>250,000,000</u> | <u>11,400,000</u> | | |
| Balance as at the end of the year | 276,568,317 | 498,945,266 | | |
| Total | 588,582,980 | 562,104,016 | | |

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) |
|--|---------------------------|---------------------------|
| 4. DEFERRED TAX LIABILITIES (NET) | | |
| Deferred Tax Liability | | |
| Difference between written down value of block of assets as per income tax laws and book written down value of the fixed assets | 10,427,394 | 12,599,200 |
| Less: Depreciation* | 589,115 | - |
| | 9,838,279 | 12,599,200 |
| Deferred Tax Assets | | |
| Employee Benefits | 3,973,293 | 3,086,053 |
| Others | 4,206,041 | 268,707 |
| | 8,179,334 | 3,354,760 |
| | 1,658,945 | 9,244,440 |
| * Being the carrying amount of assets acquired prior to 1st April 2014 and whose remaining useful life as per schedule II of the Companies Act, 2013 was nil as on 31st March 2014. | | |
| 5. OTHER LONG-TERM LIABILITIES | | |
| Security Deposits | 2,372,959 | 3,187,725 |
| | 2,372,959 | 3,187,725 |
| 6. PROVISIONS | Long-term | Short-term |
| | As at | As at |
| | 31.03.2015 | 31.03.2014 |
| | (Rs.) | (Rs.) |
| (a) Provision for employee benefits: | | |
| For Gratuity | 5,540,540 | 4,348,980 |
| For Accrued Leave | 3,308,918 | 2,692,197 |
| (b) Other Provisions: | | |
| For Taxation | - | 57,158,818 |
| Proposed Dividend | - | 60,640,000 |
| Dividend Tax | - | 12,344,837 |
| | 8,849,458 | 7,041,177 |
| | 132,983,790 | 111,990,373 |
| | As at 31.03.2015 | As at 31.03.2014 |
| | (Rs.) | (Rs.) |
| 7. SHORT-TERM BORROWINGS | | |
| SECURED | | |
| <u>From Banks:</u> | | |
| (a) Cash Credit Facilities Repayable on Demand (Secured by hypothecation over entire Current Assets; and equitable mortgage of Office premises at DLF Corporate Park, Gurgaon) | 7,897,581 | 29,409,098 |
| (b) Buyer's Credit (Rs 124,102,116 secured by Fixed Deposit under lien and balance Rs 26,487,740 by equitable mortgage of company's property located at Universal Business Park, Chandiwali Farm Road, Andheri Mumbai.) | 150,589,856 | - |
| | 158,487,437 | 29,409,098 |
| 8. TRADE PAYABLES | | |
| (a) Micro, Small and Medium Enterprises (Refer note no 27.11) | - | - |
| (b) Other Entities | | |
| For Goods | 291,076,747 | 214,722,940 |
| For Services | 16,464,138 | 14,504,530 |
| | 307,540,885 | 229,227,470 |

NOTES TO FINANCIAL STATEMENTS

| | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) |
|--|---------------------------|---------------------------|
| 9. OTHER CURRENT LIABILITIES | | |
| (a) Interest accrued but not due on Buyer's Credit | 178,587 | - |
| (b) Unpaid Dividend* | 136,912 | 128,967 |
| (c) Advance from Customers | 42,158,488 | 5,870,593 |
| (d) Employee related liabilities | 16,536,688 | 12,283,026 |
| (e) Statutory dues | 6,493,259 | 6,017,771 |
| (f) Security & Trade deposits | 10,647,020 | 13,122,763 |
| (g) Amount payable for Capital Goods | 1,535,716 | 5,526,694 |
| (h) Other liabilities | 2,061,746 | 1,582,851 |
| | <u>79,748,416</u> | <u>44,532,665</u> |
| <p>* There is no amount due and outstanding to be credited to the Investor Education and Protection Fund under sub section 5 of section 124 of the Act as at the year end.</p> | | |

NOTES TO FINANCIAL STATEMENTS

10. FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--|--------------------------|--------------------------------|---|--------------------------|-------------------------------------|------------------------------|---|-------------------------------------|-------------------------|-------------------------|
| | Cost up to 31.03.2014 | Addition during the year | Sales / adjustment during the year | Cost up to 31.03.2015 | Depreciation up to 31.03.2014 | Depreciation for the year | Sales / adjustment during the year | Depreciation up to 31.03.2015 | WDV as on 31.03.2015 | WDV as on 31.03.2014 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| Tangible Assets | | | | | | | | | | |
| Land | 2,200,000 | - | - | 2,200,000 | - | - | - | - | 2,200,000 | 2,200,000 |
| Tea Plantation | 20,541,938 | 85,653 | - | 20,627,591 | - | - | - | - | 20,627,591 | 20,541,938 |
| Buildings | 321,813,130 | 85,512 | - | 321,898,642 | 86,676,951 | 11,592,229 | - | 98,269,180 | 223,629,462 | 235,136,179 |
| Roads | 861,581 | - | - | 861,581 | 234,920 | 583,582 | - | 818,502 | 43,079 | 626,661 |
| Plant & Machinery | 78,991,990 | 250,000 | 722,544 | 78,519,446 | 67,211,735 | 1,729,616 | 235,312 | 68,706,039 | 9,813,407 | 11,780,257 |
| Furniture and Fittings | 11,970,711 | 105,690 | 13,302 | 12,063,099 | 6,731,802 | 1,704,204 | 11,357 | 8,424,649 | 3,638,450 | 5,238,909 |
| Office Equipment | 3,906,080 | 1,937,729 | - | 5,843,809 | 1,973,231 | 2,002,501 | - | 3,975,732 | 1,868,077 | 1,932,847 |
| Motor Vehicles | 19,593,700 | 5,186,190 | 2,443,741 | 22,336,149 | 12,101,305 | 3,044,557 | 1,873,208 | 13,272,653 | 9,063,496 | 7,492,395 |
| Computers & Data Processing Units | 8,337,868 | 4,214,188 | - | 12,552,056 | 6,750,064 | 3,111,437 | - | 9,861,501 | 2,690,555 | 1,587,804 |
| Electrical Installations & Equipment | 2,650,814 | - | - | 2,650,814 | 1,640,676 | 446,460 | - | 2,087,135 | 563,679 | 1,010,138 |
| | 470,867,811 | 11,864,962 | 3,179,587 | 479,553,187 | 183,320,683 | 24,214,586 | 2,119,877 | 205,415,392 | 274,137,796 | 287,547,128 |
| Intangible Assets | | | | | | | | | | |
| Computer Software | 6,402,995 | 1,125,532 | - | 7,528,527 | 4,938,215 | 891,762 | - | 5,829,977 | 1,698,550 | 1,464,779 |
| Intellectual Property & Rights | 30,768,540 | - | - | 30,768,540 | 9,379,339 | 5,784,412 | - | 15,163,751 | 15,604,788 | 21,389,201 |
| Total | 508,039,346 | 12,990,494 | 3,179,587 | 517,850,254 | 197,638,237 | 30,890,760 | 2,119,877 | 226,409,120 | 291,441,134 | 310,401,108 |
| <i>Figures for the corresponding previous year</i> | <i>439,586,899</i> | <i>72,618,750</i> | <i>4,166,303</i> | <i>508,039,346</i> | <i>176,729,123</i> | <i>24,695,329</i> | <i>3,786,215</i> | <i>197,638,237</i> | <i>310,401,108</i> | <i>262,857,776</i> |

NOTES TO FINANCIAL STATEMENTS

| | | As at 31.03.2015 | | | As at 31.03.2014 | |
|--|-----------------------------|---|---------------------------------------|---------------------------------------|---------------------------------------|-------------------|
| | | Face Value (Rs.) | No. | Amount (Rs.) | No. | Amount (Rs.) |
| 11. INVESTMENTS | | | | | | |
| A. NON CURRENT | | | | | | |
| NON TRADE INVESTMENTS(Valued at Cost unless stated otherwise) | | | | | | |
| a) QUOTED | | | | | | |
| INVESTMENT IN EQUITY INSTRUMENTS | | | | | | |
| Federal Bank Ltd.(Fully Paid Up) | | | | | | |
| | | 2 | 3,555 | 102,750 | 3,555 | 102,750 |
| | | Number of units | | | | |
| | As at 01.04.2014 | Purchased / addition during the year | Sold during the year | As at 31.03.2015 | | |
| KOTAK FMP SERIES 135 | 1,000,000 | - | -- | 1,000,000 | 10,000,000 | 10,000,000 |
| (Face value of Rs. 10/-per unit) | | (1,000,000) | | (1,000,000) | | |
| b) UNQUOTED EQUITY INSTRUMENTS | | | | | | |
| INVESTMENT IN SUBSIDIARY COMPANY | | | | | | |
| KPL Logistics Limited (Fully Paid Up) | | | | | | |
| (Face value of Rs. 10/-per unit) | | | | | | |
| | | | | 50,000 | 500,000 | 50,000 |
| INVESTMENT IN PORTFOLIO | | | | | | |
| HDFC Assets Management Company Limited | | | | | | |
| | | | | | 425,789 | 774,884 |
| INVESTMENT IN VENTURE CAPITAL FUND | | | | | | |
| ASK Pravi Private Equity | | | | | | |
| | 262.50 | 112.50 | - | 375.00 | 37,500,000 | 26,250,000 |
| Opportunities Fund | | | | | | |
| (Face value of Rs. 100,000/-per unit) | (150.00) | (112.50) | - | (262.50) | | |
| | | | | 48,528,539 | 37,627,634 | |
| | | As at 31.03.2015 | | As at 31.03.2014 | | |
| | | Book Value | Market Value | Book Value | Market Value | |
| Aggregate amount of:- | | | | | | |
| Quoted Investments | | 10,102,750 | 11,642,738 | 10,102,750 | 10,508,559 | |
| Unquoted Investments | | 38,425,789 | - | 27,524,884 | - | |
| | | 48,528,539 | 11,642,738 | 37,627,634 | 10,508,559 | |
| Note: Figures in brackets pertain to previous year | | | | | | |
| | | Long-term | | Short-term | | |
| | | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) | |
| 12. LOANS AND ADVANCES | | | | | | |
| Advance recoverable in cash or in kind | | | | | | |
| (a) Security Deposits | | 2,524,365 | 5,745,822 | 3,439,129 | 1,472,956 | |
| (Unsecured, considered good) | | | | | | |
| (b) Other Loans and Advances : | | | | | | |
| (Unsecured, considered good) | | | | | | |
| Prepaid Expenses | | 404,412 | 537,323 | 4,243,920 | 3,865,831 | |
| Balance with Central Excise and other Government Authorities | | - | - | 8,362,040 | 7,140,315 | |
| Advance Payment of Income Tax | | - | - | 63,740,295 | 64,823,580 | |
| Advance to Employees | | 160,594 | 234,280 | 1,386,870 | 980,790 | |
| Advance to Suppliers | | 510,174 | 510,174 | 54,753,645 | 5,445,798 | |
| Other Advance | | - | - | 1,142,302 | 1,289,070 | |
| | | 3,599,545 | 7,027,599 | 137,068,201 | 85,018,340 | |

NOTES TO FINANCIAL STATEMENTS

| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|---|---|---|
| (b) Commission Income (Refer Note no- 27.01 of Other Notes to Account) | 169,267,969 | 180,556,292 |
| (c) Solar Training | 3,269,041 | 1,687,495 |
| (d) Other Operating Revenue Export Benefits | 86,282 | 191,030 |
| Revenue from operations (Gross) | <u>2,288,226,235</u> | <u>3,027,536,581</u> |
| Less: Excise Duty | 2,063,062 | 3,727,574 |
| Revenue from operations (Net) | <u>2,286,163,173</u> | <u>3,023,809,007</u> |
| 18. OTHER INCOME | | |
| Interest Income | | |
| On Bond and Debenture | 2,223,772 | 3,407,082 |
| From Fixed Deposit | 11,406,541 | 6,474,828 |
| From Others | 356,581 | 272,632 |
| Dividend Income | | |
| On long term Investments (including Rs. 846,885 for previous year) | 1,388,653 | 6,399 |
| On Current Investments | - | 27,608 |
| Income from Investments-Portfolio | 335,946 | 326,886 |
| Exchange Rate Fluctuation - Net | 5,101,241 | - |
| Rent Received | 16,553,172 | 17,632,686 |
| Liabilities no longer required written back | 573,561 | 1,184,394 |
| Subsidy | 275,720 | 74,493 |
| Profit on Sale of Fixed Assets - Net | 493,614 | 1,823,526 |
| Miscellaneous receipts | 1,993,720 | 517,219 |
| | <u>40,702,521</u> | <u>31,747,753</u> |
| 19. COST OF RAW MATERIAL CONSUMED | | |
| Refrigerant Gas | 8,298,514 | 30,439,754 |
| | <u>8,298,514</u> | <u>30,439,754</u> |
| 20. PURCHASES OF STOCK IN TRADE | | |
| Traded Goods (Chemicals, Polymers & Others) | 1,920,129,610 | 2,563,357,636 |
| | <u>1,920,129,610</u> | <u>2,563,357,636</u> |
| 21. CHANGE IN INVENTORIES | | |
| Finished Goods | | |
| Opening Stock | 10,266,681 | 5,764,937 |
| Closing Stock | 1,626,251 | 10,266,681 |
| Decrease /(Increase) | <u>8,640,430</u> | <u>(4,501,744)</u> |
| Stock in Trade | | |
| Opening Stock | 146,533,452 | 158,906,149 |
| Closing Stock | 198,466,844 | 146,533,452 |
| Decrease /(Increase) | <u>(51,933,392)</u> | <u>12,372,697</u> |
| Change in inventory | <u>(43,292,962)</u> | <u>7,870,953</u> |
| 22. EMPLOYEES BENEFITS EXPENSE | | |
| Salaries, Wages, Bonus & Gratuity etc. | 96,013,210 | 90,857,273 |
| Managerial Remuneration | 8,558,875 | 7,498,225 |
| Contribution to Provident Fund | 7,278,278 | 6,350,443 |
| Staff Welfare | 2,061,949 | 1,994,728 |
| | <u>113,912,312</u> | <u>106,700,669</u> |
| 23. FINANCE COST | | |
| Bank Charges | 7,418,506 | 9,133,958 |
| Interest Paid to Bank | 2,292,989 | 641,233 |
| Interest on Others | - | 1,736,986 |
| | <u>9,711,495</u> | <u>11,512,177</u> |
| 24. DEPRECIATION | | |
| Depreciation | 30,890,760 | 24,695,329 |
| Less: Transfer to General Reserve & Deferred Tax | 1,733,202 | - |
| | <u>29,157,558</u> | <u>24,695,329</u> |

NOTES TO FINANCIAL STATEMENTS

| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|--|---|---|
| 25. OTHER EXPENSES | | |
| Consumption of Stores & Spare parts etc. | 975,960 | 1,304,141 |
| Power & Fuel | 5,113,220 | 3,645,623 |
| Rent | 12,641,516 | 11,885,241 |
| Repairs to Plant & Machinery | 119,904 | 224,514 |
| Repairs to Buildings | 4,062,272 | 2,685,486 |
| Repairs to Others | 6,723,949 | 6,259,907 |
| Insurance | 2,053,179 | 1,626,003 |
| Rates & Taxes | 3,865,787 | 4,552,543 |
| Auditors' Remuneration | | |
| Audit Fees | 350,000 | 393,260 |
| Tax Audit Fees | 17,500 | 30,899 |
| Certification Fees | 50,562 | 28,090 |
| Reimbursement of Expenses | 9,101 | 35,902 |
| Premium on currency hedging Contracts | 12,221,294 | 15,624,473 |
| Exchange Rate difference – Net | - | 22,663,013 |
| Selling & Distributing Expenses | 35,670,620 | 29,891,979 |
| Directors Sitting Fees | 89,888 | 89,888 |
| Travelling Expenses | 13,864,102 | 12,186,451 |
| Bad Debt | 288,521 | 843,020 |
| Provision for Bad & Doubtful Debts | 11,924,435 | 283,447 |
| Donation | 31,000 | 2,500,000 |
| Corporate Social Responsibility Expenses (Refer Note No. 27.12) | 4,000,000 | - |
| Miscellaneous Expenses | 23,437,823 | 22,406,328 |
| | 137,510,633 | 139,160,208 |
| | As at 31.03.2015 | As at 31.03.2014 |
| | (Rs.) | (Rs.) |
| 26. CONTINGENT LIABILITIES & COMMITMENTS: | | |
| 26.01 CONTINGENT LIABILITIES | | |
| (a) Bank Guarantees given to various Govt. Authorities/others | 103,793,448 | 3,197,219 |
| (b) (i) Income Tax demand under appeal | - | 1,039,818 |
| (ii) Sales Tax demand including penalty Rs. 5,303,960 | 8,839,933 | 8,839,933 |
| 26.02 OTHER LITIGATIONS | | |
| The Company has filed law suit against certain customers for recovery of Rs. 47,179,657 appearing in Trade receivables (Refer Note No. 14) | | |
| 26.03 COMMITMENTS | | |
| Estimated amount of Contract remaining to be executed on Capital Account and not provided for (Net of Advance) Rs. 510,174 (Previous Year Rs. 510,174) | | |
| 27. OTHER NOTES TO ACCOUNTS | | |
| 27.01 Commission Income includes shipments made earlier years but advice received in Current Year Rs. 1,962,586 (Previous year Rs. 2,175,703) | | |

NOTES TO FINANCIAL STATEMENTS

27.02 Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits: - In respect of Leave Encashment & Gratuity, a defined benefit scheme (based on Actuarial Valuation)-

Defined Contribution Plan: The Company contributed Rs 6,617,904 for all eligible employees towards Provident Fund managed by the Central Government.

(Amount in Rs.)

| PARTICULARS | 2014-15 | | 2013-14 | |
|--|-------------------|-------------------------------|-------------------|-------------------------------|
| | GRATUITY | LEAVE ENCASH (UNFUNDED) | GRATUITY | LEAVE ENCASH (UNFUNDED) |
| A. RECONCILIATION OF OPENING AND CLOSING BALANCES OF DEFINED BENEFIT OBLIGATION | | | | |
| DEFINED BENEFIT OBLIGATION AS ON 01-04-2014 | 15,009,682 | 4,184,942 | 13,645,621 | 3,215,852 |
| EMPLOYER SERVICE COST | 1,497,223 | 1,181,035 | 1,430,532 | 1,052,482 |
| INTEREST COST | 1,232,744 | 334,795 | 1,157,514 | 257,268 |
| ACTUARIAL (GAINS) / LOSSES | 417,066 | (192,728) | (566,971) | 41,065 |
| BENEFITS PAID | (1,141,860) | (217,520) | (601,881) | (381,725) |
| PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AS ON 31-03-2015 | 17,014,855 | 5,290,524 | 15,064,815 | 4,184,942 |
| B. RECONCILIATION OF OPENING AND CLOSING BALANCES OF FAIR VALUE OF PLAN ASSETS | | | | |
| FAIR VALUE OF ASSETS AT THE BEGINNING OF THE YEAR | 10,170,462 | - | 9,367,945 | - |
| EXPECTED RETURN ON PLANNED ASSETS | 898,807 | - | 810,783 | - |
| CONTRIBUTION | 594,012 | - | 214,439 | - |
| BENEFITS PAID | (1,047,494) | - | (225,981) | - |
| ACTUARIAL (GAINS) / LOSSES | - | - | 3,276 | - |
| FAIR VALUE OF PLAN ASSETS AT YEAR END | 10,615,787 | - | 10,170,462 | - |
| C. RECONCILIATION OF FAIR VALUE OF ASSETS & OBLIGATION | | | | |
| FAIR VALUE OF PLAN ASSETS AS AT 31.03.2015 | 10,615,786 | - | 10,170,462 | - |
| FAIR VALUE OF OBLIGATION AS AT 31.03.2015 | 17,014,855 | 5,290,524 | 15,064,815 | 4,184,942 |
| AMOUNT RECOGNISED IN BALANCE SHEET | 6,399,069 | 5,290,524 | 4,894,353 | 4,184,942 |
| D. EXPENSES RECOGNISED DURING THE YEAR 2014-15 | | | | |
| CURRENT SERVICE COST | 1,497,223 | 1,181,035 | 1,430,532 | 1,052,482 |
| INTEREST COST | 1,232,744 | 334,795 | 1,157,514 | 257,268 |
| EXPECTED RETURN ON PLANNED ASSETS | (898,807) | - | (810,783) | - |
| ACTUARIAL (GAINS) / LOSSES | 417,066 | (192,728) | (570,247) | 41,065 |
| TOTAL | 2,248,226 | 1,323,102 | 1,207,016 | 1,350,815 |
| E. ACTUARIAL ASSUMPTIONS | | | | |
| MORTALITY TABLE (L.I.C. 1994-96) | | | | |
| DISCOUNT RATE (PER ANNUM) | 8% | 8% | 8% | 8% |
| RATE OF ESCALATION IN SALARY | 6% | 6% | 6% | 6% |

NOTES TO FINANCIAL STATEMENTS

| | |
|---|------------------------|
| 27.03 Related Party Disclosure (To the extent Identified by the company) | |
| Name & Relationship of the Related Parties: | |
| I. Enterprises where control exists: | |
| a) Vardhan Finvest Limited | - Holding Company |
| b) KPL Logistics Limited | - Subsidiary Company |
| c) Kanoria Chemical & Industries Limited | - Under Common Control |
| d) Vardhan Limited | - Under Common Control |
| e) Suprawin Technologies Limited | - Under Common Control |
| f) Breaking Wave Software Pvt. Limited | - Under Common Control |
| g) Kirtivardhan Finvest Services Limited | - Under Common Control |
| h) Kanoria Africa Textiles PLC, Ethiopia, | - Under Common Control |
| i) APAG Elektronik AG, Switzerland | - Under Common Control |
| j) APAG Elektronik S.R.O. | - Under Common Control |
| k) Sambhava Foundation | - Charitable Trust |
| II. Key Managerial Personnel: | |
| Mr. Surinder Kumar Kak, Managing Director | |

Transactions with Related Parties during the year:

(Amount in Rs.)

| Nature of Transaction | Holding / Subsidiary | | Enterprises Under Common Control | | Key Management Personnel* | |
|---|----------------------|------------|----------------------------------|-------------|---------------------------|-----------|
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| 1. Interest paid | | | | | | |
| Vardhan Limited | -- | -- | -- | 207,123 | -- | -- |
| Kirtivardhan Finvest Services Limited | -- | -- | -- | 253,151 | -- | -- |
| 2. Managerial Remuneration | | | | | | |
| Mr. Surinder Kumar Kak | -- | -- | -- | -- | 8,558,875 | 7,498,225 |
| 3. Dividend paid | | | | | | |
| Vardhan Finvest Limited | 42,357,000 | 28,226,000 | -- | -- | -- | -- |
| 4. Loan Received | | | | | | |
| Vardhan Limited | -- | -- | -- | 22,500,000 | -- | -- |
| Kirtivardhan Finvest Services Limited | -- | -- | -- | 27,500,000 | -- | -- |
| 5. Loan repaid | | | | | | |
| Vardhan Limited | -- | -- | -- | 22,500,000 | -- | -- |
| Kirtivardhan Finvest Services Limited | -- | -- | -- | 27,500,000 | -- | -- |
| 6. Commission Income | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | 2,490,389 | 1,517,584 | -- | -- |
| APAG Elektronik S.R.O. | -- | -- | 459,949 | 148,273 | -- | -- |
| 7. Rent Received | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | 412,500 | 1,612,500 | -- | -- |
| 8. Rent Paid | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | 645,963 | 767,538 | -- | -- |
| 9. Assets Sale | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | -- | 266,667 | -- | -- |
| 10. (a) Sale of Goods | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | -- | 581,427,023 | -- | -- |
| Kanoria Africa Textiles PLC, Ethiopia | -- | -- | 92,364,588 | 84,146,846 | -- | -- |
| APAG Elektronik AG, Switzerland | -- | -- | -- | 327,593 | -- | -- |
| APAG Elektronik S.R.O. | -- | -- | 60,795,667 | 68,599,266 | -- | -- |
| 10. (b) Reimbursements | | | | | | |
| APAG Elektronik AG, Switzerland | -- | -- | 966,524 | -- | -- | -- |
| 11. Website Development | | | | | | |
| Breaking Wave Software Pvt. Limited | -- | -- | 59,894 | 200,000 | -- | -- |
| 12. Donation Paid | | | | | | |
| Sambhava Foundation | -- | -- | -- | 2,500,000 | -- | -- |
| 13. CSR Paid | | | | | | |
| Sambhava Foundation | -- | -- | 4,000,000 | -- | -- | -- |
| 14. Training Fees | | | | | | |
| Sambhava Foundation | -- | -- | -- | 231,000 | -- | -- |
| Balance outstanding as on Balance Sheet date | | | | | | |
| Payable -Kanoria Chemicals & Industries Ltd. | -- | -- | -- | 750,000 | -- | -- |
| Receivable -Kanoria Chemicals & Industries Ltd. | -- | -- | 1,481,024 | 850,743 | -- | -- |
| -Kanoria Africa Textile PLC | -- | -- | 74,379,313 | 70,617,487 | -- | -- |
| -APAG Elektronik S.R.O. | -- | -- | 24,380,135 | -- | -- | -- |
| Remuneration payable to Mr. Surinder Kumar Kak | -- | -- | -- | -- | 2,839,604 | 1,780,128 |

* Excluding Actuarial Valuation of Gratuity & Leave Encashment

NOTES TO FINANCIAL STATEMENTS

| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|---|--|--|
| 27.04 Value of Import on CIF basis | | |
| Raw Materials | 9,270,987 | 27,382,296 |
| Trading Goods | <u>1,315,457,328</u> | <u>2,197,680,420</u> |
| | 1,324,728,315 | 2,225,062,716 |
| | For the year ended 31.03.2015 | For the year ended 31.03.2014 |
| | Value (Rs.) | Value (Rs.) |
| | % | % |
| 27.05 Value of Imported and Indigenous Raw Material Consumed and Percentage Thereof. | | |
| Imported | <u>8,298,514</u> 100% | <u>30,439,754</u> 100% |
| | 8,298,514 100% | 30,439,754 100% |
| 27.06 Value of Consumables and Stores & Spare parts (Excluding charged to other heads) | | |
| Indigenous | <u>975,960</u> 100% | <u>1,304,141</u> 100% |
| | 975,960 100% | 1,304,141 100% |
| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
| 27.07 Expenditures in Foreign Exchange | | |
| Foreign Travelling | 869,828 | 723,632 |
| Third Country Purchases | 181,768,589 | 106,422,709 |
| Professional Services | 635,091 | 129,444 |
| Others | <u>10,152,380</u> | <u>10,445,895</u> |
| | 193,425,888 | 117,721,680 |
| 27.08 Earnings in Foreign Exchange | | |
| Commission Income | 161,850,378 | 177,793,878 |
| FOB Value of Export | 43,129,301 | 86,140,090 |
| Third Country Sales | <u>192,134,814</u> | <u>112,218,882</u> |
| | 397,114,493 | 376,152,850 |
| 27.09 Earning Per Share | | |
| Profit for the year | 100,607,888 | 11,306,902 |
| Weighted average number of Equity Shares | 15,160 | 15,160 |
| Basic & Diluted earning per share of Rs. 1000/- each | 6,636 | 7,458 |
| 27.10 There is no separate reportable segment as per the criteria specified in Accounting Standard (AS) 17 "Segment Reporting" prescribed under Section 133 of the Companies Act, 2013. | | |
| 27.11 There are no Micro, Small & Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2015. This information is required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. | | |

NOTES TO FINANCIAL STATEMENTS

| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|--|---|---|
| 27.12 CSR Expenditure | | |
| The Company undertook Corporate Social responsibility('CSR') programme and activities through a Trust registered under the Income Tax Act,1961.by contributing Rs 40,00,000/-. | | |
| (a) Gross Amount required to be spent by the Company during the year | 3,795,732 | -- |
| (b) Amount spent by the Company through this trust: | | |
| Construction/acquisition of any assets | -- | -- |
| On purpose other than above | 3,566,910 | -- |
| Yet to be spent | 228,822 | -- |
| 27.13 Previous Year figures have been regrouped and rearranged where ever required. | | |

Signatures to Notes 1 to 27.13
In terms of our Report of even date attached.

As per our report annexed
For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302049E

B.L. Choraria, Partner
M. No. 22973
Place: New Delhi
Dated: 16.06.2015

Surinder Kumar Kak
Managing Director
DIN: 00044521

M.L. Agarwal
Chief Financial Officer

For and on behalf of the Board

R.V. Kanoria
Chairman
DIN: 00003792

Ummang Mutreja
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of KPL International Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **KPL International Limited** ("the Holding Company"), and its subsidiary (the Holding Company and its subsidiary together referred to as "the group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Notes to the consolidated financial statements:

- a. Note 26.02 to the consolidated financial statements, pertaining to trade receivables under litigation.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditor's reports of the Holding company and subsidiary company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches/depots not visited by us.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained and with the returns received from other branches/depots not visited by us for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the subsidiary company, none of the directors of the group is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group – Refer Note No. 26.01 (b) to the Consolidated Financial Statements;
 - ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education & Protection Fund by the Holding company and its subsidiary company.

For **Singhi & Co.**
Chartered Accountants
Firm Reg. No. 302049E

Place: New Delhi
Date: 16th June, 2015

B.L. Choraria
Partner
Membership No. 22973

Annexure referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements

Re: KPL International Limited

- (i) a. The Group is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As informed to us, the Group has a phased programme of physical verification of its fixed assets, which in our opinion is reasonable having regard to the size of the Group and the nature of their fixed assets. Management has physically verified certain fixed assets during the year as per the phased programme as mentioned above and as informed to us, no material discrepancies were noticed as compared to books of accounts.
- (ii) a. As explained to us, inventories were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Group and the nature of their business.
- c. In our opinion and according to the information and explanation given to us, the Group is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Group has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the requirements of clauses (iii) (a) to (b) of the paragraph 3 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Group and the nature of their business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness in internal control system has been noticed.
- (v) In our opinion and according to the information and explanations given to us, the Group has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and hence provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder with regard to the deposits accepted from the public are not applicable to the Group.
- (vi) Rules made by the central government for the maintenance of cost records under sub-section (1) of section 148 of the Act are not applicable to the group.
- (vii) a. According to the records of the Group, the Group is generally regular in depositing material undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, service tax, wealth tax, custom duty, excise duty, income tax, cess and other statutory dues applicable to it with the appropriate authorities. There was no material undisputed outstanding statutory dues as at the year-end for a period of more than six months from the date they became payable.
- b. According to the information and explanation given to us and records of the Group, there are no dues outstanding of sales tax, income tax, service tax, custom duty, wealth tax, excise duty and cess on account of any dispute, other than the following:

| NATURE OF DUES | Amount Involved (Rs.) | Amount paid under Protest (Rs.) | Forum where the dispute is pending |
|---|-----------------------|---------------------------------|------------------------------------|
| Sales Tax (including Penalty of Rs. 5303960) | 88,39,933 | -- | High Court |

- c. During the year unclaimed dividend amounting to Rs. 6,055 has been transferred to Investor Education and Protection Fund with in the due date in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) The Group has no accumulated losses at the end of the financial year and it has not incurred any cash loss in the current year or in the immediately preceding financial year.

- (ix) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Group has not defaulted in repayment of dues to financial institutions and banks. We have been informed that the Group has not issued any debenture during the year.
- (x) According to the information and explanations given to us, the group has not given any guarantee for loans taken by others from bank or financial institution, the terms and conditions whereof are prejudicial to the interest of the group.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed during the year by the Group were, prima facie, applied by the Group for the purpose for which loans were obtained.
- (xii) Based on our examination of the books and records of the Group, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Group, has been noticed or reported during the year.

For **Singhi & Co.**
Chartered Accountants
Firm Reg. No. 302049E

B.L. Choraria
Partner
Membership No. 22973

Place: New Delhi
Date: 16th June, 2015

KPL INTERNATIONAL LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2015

| Particulars | Note No. | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) |
|---|----------|---------------------------|---------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 3 | 15,186,500 | 15,186,500 |
| (b) Reserves and Surplus | 4 | 588,681,337 | 562,218,331 |
| | | 603,867,837 | 577,404,831 |
| (2) Non-current Liabilities | | | |
| (a) Deferred Tax Liabilities (Net) | 5 | 1,658,945 | 9,244,440 |
| (b) Other Long-term Liabilities | 6 | 2,372,959 | 3,187,725 |
| (c) Long-term Provisions | 7 | 8,849,458 | 7,041,177 |
| | | 12,881,362 | 19,473,342 |
| (3) Current Liabilities | | | |
| (a) Short-term Borrowings | 8 | 158,487,437 | 29,409,098 |
| (b) Trade Payables | 9 | 307,540,885 | 229,227,470 |
| (c) Other Current Liabilities | 10 | 79,758,528 | 44,542,777 |
| (d) Short-term Provisions | 7 | 132,983,790 | 111,993,801 |
| | | 678,770,640 | 415,173,146 |
| TOTAL | | 1,295,519,839 | 1,012,051,319 |
| II. ASSETS | | | |
| (1) Non-current Assets | | | |
| (a) Fixed Assets | 11 | | |
| (i) Tangible Assets | | 274,137,796 | 287,547,128 |
| (ii) Intangible Assets | | 17,303,338 | 22,853,980 |
| | | 291,441,134 | 310,401,108 |
| (b) Non-current Investments | 12 | 48,613,050 | 37,712,145 |
| (c) Long-term Loans & Advances | 13 | 3,599,545 | 7,027,599 |
| | | 343,653,729 | 355,140,852 |
| (2) Current Assets | | | |
| (a) Inventories | 14 | 203,000,572 | 158,324,674 |
| (b) Trade Receivables | 15 | 413,716,072 | 351,733,271 |
| (c) Cash and Cash Equivalents | 16 | 191,770,945 | 56,794,894 |
| (d) Short-term Loans & Advances | 13 | 137,068,201 | 85,018,340 |
| (e) Other Current Assets | 17 | 6,310,320 | 5,039,288 |
| | | 951,866,110 | 656,910,467 |
| TOTAL | | 1,295,519,839 | 1,012,051,319 |
| Significant Accounting policies | 1 | | |
| Contingent Liabilities and Commitments | 27 | | |
| Other Notes to Accounts | 28 | | |

The accompanying notes are an integral part of the Financial Statements.

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

For and on behalf of the Board

For SINGHI & CO.

Chartered Accountants
Firm Reg. No. 302049E

Surinder Kumar Kak
Managing Director
DIN: 00044521

R.V. Kanoria
Chairman
DIN: 00003792

B.L. Choraria, Partner
Membership No. 22973

M.L. Agarwal
Chief Financial Officer

Ummang Mutreja
Company Secretary

Place: New Delhi
Dated: 16.06.2015

KPL INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH 2015

| Particulars | Note No. | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|--|----------|---|---|
| I. Revenue from Operations (Net) | 18 | 2,286,163,173 | 3,023,809,007 |
| II. Other Income | 19 | 40,702,521 | 31,777,187 |
| III. Total Revenue(I+II) | | 2,326,865,694 | 3,055,586,194 |
| IV. Expenses: | | | |
| Cost of Materials Consumed | 20 | 8,298,514 | 30,439,754 |
| Purchases of Stock-in-Trade | 21 | 1,920,129,610 | 2,563,357,636 |
| Change in Inventories of finished goods, work-in-progress and Stock-in-Trade | 22 | (43,292,962) | 7,870,953 |
| Employee Benefits Expense | 23 | 113,912,312 | 106,700,669 |
| Finance Costs | 24 | 9,712,143 | 11,512,492 |
| Depreciation & Amortization Expenses | 25 | 29,157,558 | 24,695,329 |
| Other Expenses | 26 | 137,525,943 | 139,171,340 |
| Total Expenses | | 2,175,443,118 | 2,883,748,173 |
| V. Profit before Tax (III-IV) | | 151,422,576 | 171,838,021 |
| VI. Tax Expense | | | |
| (a) Current Tax | | 57,100,000 | 56,703,428 |
| (b) Deferred Tax | | (6,996,380) | 1,240,414 |
| (c) Provision for Taxation of earlier year | | 727,026 | 809,718 |
| | | 50,830,646 | 58,753,560 |
| VII. Profit for the Period (V-VI) | | 100,591,930 | 113,084,461 |
| Earning per Equity Share of Rs 1000/- each | 28.04 | | |
| Basic & Diluted | | 6,635 | 7,459 |
| Significant Accounting policies | 1 | | |
| Other Notes to Accounts | 28 | | |

The accompanying notes are an integral part of the Financial Statements.

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

For and on behalf of the Board

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302049E

Surinder Kumar Kak
Managing Director
DIN: 00044521

R.V. Kanoria
Chairman
DIN: 00003792

B.L. Choraria, Partner
Membership No. 22973

M.L. Agarwal
Chief Financial Officer

Ummang Mutreja
Company Secretary

Place: New Delhi
Dated: 16.06.2015

KPL INTERNATIONAL LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|--|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and exceptional items | 151,422,576 | 171,838,021 |
| Adjustments for: | | |
| Depreciation & Amortisation | 29,157,558 | 24,695,329 |
| Sundry Balances Written off | 288,521 | 843,020 |
| (Profit) / Loss on Sale of Fixed Assets | (493,614) | (1,823,526) |
| Interest | 2,292,989 | 2,378,219 |
| Net Provision | 11,350,874 | (898,918) |
| Dividend Income from Investments | (1,388,653) | (34,007) |
| Income from Portfolio Investments | (335,946) | (326,886) |
| Liability no longer required written back | (573,561) | (1,184,394) |
| Interest Income | (13,986,895) | (10,154,542) |
| Unrealised Foreign Exchange Fluctuation(NET) | 7,530,219 | (1,331,884) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 185,264,068 | 184,000,432 |
| (Increase) / Decrease in Sundry Debtors | (77,502,717) | (48,067,097) |
| (Increase) / Decrease in Inventories | (44,675,898) | 8,398,318 |
| (Increase) / Decrease in Loan & Advances | (49,036,106) | (5,746,333) |
| (Increase) / Decrease in Liabilities | 111,993,496 | (168,238,529) |
| CASH GENERATED FROM OPERATIONS | 126,042,843 | (29,653,209) |
| Income Tax Paid | 56,389,549 | 59,127,651 |
| CASH FROM OPERATING ACTIVITIES BEFORE PRIOR PERIOD ITEMS | 69,653,294 | (88,780,860) |
| Prior Period Items | - | - |
| NET CASH GENERATED FROM OPERATIONS | 69,653,294 | (88,780,860) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (12,990,494) | (72,618,750) |
| Purchase of Investments (Net) | (10,900,905) | 69,137,029 |
| Dividend and Interest Income from Investments | 13,562,329 | 18,776,373 |
| Income from Portfolio Investments | 335,946 | 326,886 |
| Net Proceeds from Sale of Fixed Assets | 1,553,325 | 2,203,613 |
| NET CASH FROM INVESTING ACTIVITIES | (8,439,799) | 17,825,151 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Short Term Borrowing from Bank | 129,078,338 | 8,835,526 |
| Interest Paid | (2,114,401) | (2,378,219) |
| Dividend Paid | (53,209,326) | (35,472,887) |
| NET CASH USED/FROM FINANCING ACTIVITIES | 73,754,611 | (29,015,580) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 134,968,106 | (99,971,289) |
| Cash and cash equivalent as at 31.03.2014 | 56,665,924 | 156,637,214 |
| Cash and cash equivalent as at 31.03.2015 | 191,634,030 | 56,665,924 |
| Cash and Cash equivalents includes | | |
| Cash and Bank Balances | 191,770,945 | 56,794,894 |
| Less: Unpaid Dividend | 136,915 | 128,970 |
| Cash and Cash Equivalents | 191,634,030 | 56,665,924 |

- Notes: 1. The cash flow statement has been prepared under indirect method as per accounting standard (AS-3).
2. Previous year figures have been regrouped / rearranged wherever considered necessary to make them comparable.

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

For and on behalf of the Board

For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302049E

Surinder Kumar Kak
Managing Director
DIN: 00044521

R.V. Kanoria
Chairman
DIN: 00003792

B.L. Choraria, Partner
Membership No. 22973

M.L. Agarwal
Chief Financial Officer

Ummang Mutreja
Company Secretary

Place: New Delhi
Dated: 16.06.2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statement represents consolidation of accounts of KPL International Limited, the Parent Company, is a public limited company and KPL Logistics Limited, its Subsidiary (together referred to as "The Group"). Both the companies are incorporated in India under the provisions of the Companies Act, 1956. The Consolidated Financial Statements are prepared in conformity with Accounting Standards -21 "Consolidated Financial Statement" issued by The Institute of Chartered Accountants of India as set out below:

- (i) The financial statements of the Parent Company and its subsidiary have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions and any unrealised profits / losses included therein, if any.
- (ii) The consolidated Financial Statements are prepared by adopting uniform policies for like transactions and other events in similar circumstances and are presented to the extent required and possible, in the same manner as the Parent Company's separate financial statements.
- (iii) The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent Company.
- (iv) The Proportion of Parent Company's share ownership in Subsidiary is 100%

2. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING CONVENTION

- i) The financial statements of the company have been prepared in accordance with generally accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 (The 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of The Act, to the extent notified. The financial statements have been prepared under the historical cost convention on an accrual basis. The Accounting Policies applied by the company are consistent with those used in the previous year.
- ii) All items of Income & Expenditure is recognized on accrual basis, except Insurance claims & claims of Customers or Principals being accounted for as and when settled on account of uncertainty involved.
- iii) Income on Portfolio Investment is recognised on realisation basis.
- iv) Income/Expenditure from venture capital investment is recognised on the basis of statement received from them up to the date of finalisation of accounts.

B. REVENUE RECOGNITION

- i) Revenue from sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery and is net of trade discount/rebate etc.
- ii) Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- iii) Export entitlements under the duty drawback scheme are recognised in the statement of Profit and Loss when the right to receive as per the terms of the scheme is established.

C. TANGIBLE ASSETS AND DEPRECIATION

- i) Tangible Assets are stated at cost, net of accumulated depreciation and net accumulated impairment losses, if any. Cost comprise purchase price and directly attributable costs of bringing the assets to its working condition for the intended use.
- ii) In respect of tangible assets, depreciation has been charged over useful lives on Written Down Value Method (WDV) as prescribed in Schedule II as notified under The Act.

D. INTANGIBLE ASSETS AND AMORTISATION

- i) Intangible Assets are stated at acquisition cost, net of accumulated amortisation and net accumulated impairment losses, if any.
- ii) Intangible Assets are amortised over their estimated useful life on Written Down Value method as per applicable Accounting Standard 26 (Intangible Assets).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

E. VALUATION OF INVENTORIES

Inventories are valued at cost or net realisable value, whichever is lower. Cost is computed on the basis of weighted average cost. Cost comprises relevant expenditure incurred in the normal course of business in bringing such inventories to its locations.

F. INVESTMENTS

Long term investments are stated at cost. The company provides for diminution, other than temporary, in the value of long term investments. Current investments are valued at lower of cost or market value.

G. BORROWING COST

Interest and other costs in connection with borrowed funds to the extent related to the acquisition of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use. Other borrowing costs are charged to statement of Profit and Loss.

H. FOREIGN CURRENCY TRANSACTIONS

- i) All Assets and Liabilities in foreign currency including currency hedging contracts outstanding at the close of the year are converted into Indian Currency at the rates of exchange prevailing on the date of the Balance Sheet and difference is adjusted in the statement of Profit and Loss. In respect of transactions covered under forward foreign exchange contracts, the difference between the forward rate and exchange rate at the inception of the contract is recognised as expense or income over the life of the contract.
- ii) On transactions completed during the year, gains/losses arising out of fluctuations in exchange rate are recognized in the statement of Profit and Loss in the period they arise.

I. RETIREMENT BENEFITS

- i) The liability towards leave encashment at the year end is accounted for on actuarial valuation basis.
- ii) Company makes annual contribution of gratuity to Group Gratuity Policy with Life Insurance Corporation of India, a scheme created for the purpose of qualifying employees except for Avongrove Tea Estate for which liability is provided in accordance with AS 15 issued by ICAI.

J. TAXATION

- i) Current tax is the provision made for the amount of income tax payable in respect of taxable income for the period.
- ii) Deferred tax is recognised on timing differences between taxable income and accounting income which are capable of being reversed in one or more subsequent periods subject to consideration of prudence.
- iii) Deferred tax assets on unabsorbed depreciation and carry forward of losses are recognized to the extent of the virtual certainty that there will be sufficient future taxable income available to realize such deferred assets.
- iv) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.

K. IMPAIRMENT

Impairment loss is recognised wherever the carrying amount of an assets is in excess of its recoverable amount and the same is recognised as an expense in the statement of Profit and Loss, and carrying amount of the assets is reduced to its recoverable amount, Reversal of impairment losses recognised in prior years recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

L. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes to Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) | | |
|---|-----------------------------------|---------------------------|-----------------------------------|---------------------|
| 3. SHARE CAPITAL | | | | |
| (a) AUTHORISED | | | | |
| 99,700 Equity Shares of Rs. 1,000/- each | 99,700,000 | 99,700,000 | | |
| 3,000 9.8% Redeemable Cumulative Preference Shares of Rs. 100/- each | <u>300,000</u> | <u>300,000</u> | | |
| | 100,000,000 | 100,000,000 | | |
| (b) ISSUED | | | | |
| 15,160 Equity Shares of Rs. 1,000/- each fully paid up | <u>15,160,000</u> | <u>15,160,000</u> | | |
| (c) SUBSCRIBED AND PAID UP | | | | |
| 15,160 Equity Shares of Rs. 1,000/- each fully paid up | 15,160,000 | 15,160,000 | | |
| Add: Forfeited Shares (Amount Originally paid up) | <u>26,500</u> | <u>26,500</u> | | |
| | 15,186,500 | 15,186,500 | | |
| (d) Reconciliation of Equity Shares (Nos.) | | | | |
| Balance as at the beginning of the year | <u>15,160</u> | <u>15,160</u> | | |
| Balance as at the end of the year | 15,160 | 15,160 | | |
| (e) Terms/ rights attached to equity shares | | | | |
| The Company has one class of Equity Share having par value of Rs.1,000 per share. Each holder of Equity Share is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding. | | | | |
| (f) 14,136 (Previous Year 14,113) Nos. of equity shares of the company held by its Holding company Vardhan Finvest Limited. | | | | |
| (g) Details of Share held by shareholders holding more than 5 % of the aggregate shares in the Company: | | | | |
| | As at 31.03.2015 | | As at 31.03.2014 | |
| Name of shareholder | Nos. | % of Holding | Nos. | % of Holding |
| Vardhan Finvest Limited | 14,136 | 93.25 | 14,113 | 93.09 |
| | As at 31.03.2015 (Rs.) | | As at 31.03.2014 (Rs.) | |
| 4. RESERVES & SURPLUS | | | | |
| (a) CAPITAL REDEMPTION RESERVE | | | | |
| Balance as at the beginning of the year | <u>9,250</u> | | <u>9,250</u> | |
| Balance as at the end of the year | 9,250 | | 9,250 | |
| (b) GENERAL RESERVE | | | | |
| Balance as at the beginning of the year | 63,154,000 | | 51,754,000 | |
| Add: Transfer from Surplus in Statement of Profit and Loss during the year | 250,000,000 | | 11,400,000 | |
| Less: Depreciation* | <u>1,144,087</u> | | <u>-</u> | |
| Balance as at the end of the year | 312,009,913 | | 63,154,000 | |
| * Being the carrying amount of assets acquired prior to 1st April 2014 and whose remaining useful life as per schedule II of the Companies Act, 2013 was nil as on 31st March 2014. | | | | |
| (c) SURPLUS IN STATEMENT OF PROFIT AND LOSS | | | | |
| Balance as at the beginning of the year | 499,055,081 | | 450,579,946 | |
| Profit for the year | 100,591,930 | | 113,084,461 | |
| Less: Appropriations | 60,640,000 | | 45,480,000 | |
| Proposed Dividend on Equity Shares | 12,344,837 | | 7,729,326 | |
| Dividend Distribution Tax | 250,000,000 | | 11,400,000 | |
| Transfer to General Reserve | <u>276,662,174</u> | | <u>499,055,081</u> | |
| Balance as at the end of the year | 276,662,174 | | 499,055,081 | |
| Total | 588,681,337 | | 562,218,331 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) |
|---|---------------------------|---------------------------|
| 5. DEFERRED TAX LIABILITIES (NET) | | |
| Deferred Tax Liability | | |
| Difference between written down value of block of assets as per income tax laws and book written down value of the fixed assets | 10,427,394 | 12,599,200 |
| Less: Depreciation* | 589,115 | - |
| | 9,838,279 | 12,599,200 |
| Deferred Tax Assets | | |
| Employee Benefits | 3,973,293 | 3,086,053 |
| Others | 4,206,041 | 268,707 |
| | 8,179,334 | 3,354,760 |
| | 1,658,945 | 9,244,440 |
| * Being the carrying amount of assets acquired prior to 1st April 2014 and whose remaining useful life as per schedule II of the Companies Act, 2013 was nil as on 31st March 2014. | | |
| 6. OTHER LONG-TERM LIABILITIES | | |
| Security Deposits | 2,372,959 | 3,187,725 |
| | 2,372,959 | 3,187,725 |
| 7. PROVISIONS | Long-term | Short-term |
| | As at | As at |
| | 31.03.2015 | 31.03.2015 |
| | (Rs.) | (Rs.) |
| (a) Provision for employee benefits: | | |
| For Gratuity | 5,540,540 | 858,529 |
| For Accrued Leave | 3,308,918 | 1,981,606 |
| (b) Other Provisions: | | |
| For Taxation | - | 57,158,818 |
| Proposed Dividend | - | 60,640,000 |
| Dividend Tax | - | 12,344,837 |
| | 8,849,458 | 132,983,790 |
| | 7,041,177 | 111,993,801 |
| | As at 31.03.2015 | As at 31.03.2014 |
| | (Rs.) | (Rs.) |
| 8. SHORT-TERM BORROWINGS | | |
| SECURED | | |
| <u>From Banks:</u> | | |
| (a) Cash Credit Facilities Repayable on Demand (Secured by hypothecation over entire Current Assets; and equitable mortgage of Office premises at DLF Corporate Park, Gurgaon) | 7,897,581 | 29,409,098 |
| (b) Buyer's Credit (Rs 124,102,116 secured by Fixed Deposit under lien and balance Rs 26,487,740 by equitable mortgage of company's property located at Universal Business Park, Chandiwali Farm Road, Andheri Mumbai.) | 150,589,856 | - |
| | 158,487,437 | 29,409,098 |
| 9. TRADE PAYABLES | | |
| (a) Micro, Small and Medium Enterprises (Refer note no 28.06) | - | - |
| (b) Other Entities | | |
| For Goods | 291,076,747 | 214,722,940 |
| For Services | 16,464,138 | 14,504,530 |
| | 307,540,885 | 229,227,470 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) |
|--|---------------------------|---------------------------|
| 10. OTHER CURRENT LIABILITIES | | |
| (a) Interest accrued but not due on Buyer's Credit | 178,587 | - |
| (b) Unpaid Dividend* | 136,912 | 128,967 |
| (c) Advance from Customers | 42,158,488 | 5,870,593 |
| (d) Employee related liabilities | 16,536,688 | 12,283,026 |
| (e) Statutory dues | 6,493,259 | 6,017,771 |
| (f) Security & Trade deposits | 10,647,020 | 13,122,763 |
| (g) Amount payable for Capital Goods | 1,535,716 | 5,526,694 |
| (h) Other liabilities | 2,071,858 | 1,592,963 |
| | 79,758,528 | 44,542,777 |
| <p>* There is no amount due and outstanding to be credited to the Investor Education and Protection Fund under sub section 5 of section 124 of the Act as at the year end.</p> | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--|--------------------------|--------------------------------|---|--------------------------|-------------------------------------|------------------------------|---|-------------------------------------|-------------------------|-------------------------|
| | Cost up to 31.03.2014 | Addition during the year | Sales / adjustment during the year | Cost up to 31.03.2015 | Depreciation up to 31.03.2014 | Depreciation for the year | Sales / adjustment during the year | Depreciation up to 31.03.2015 | WDV as on 31.03.2015 | WDV as on 31.03.2014 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| Tangible Assets | | | | | | | | | | |
| Land | 2,200,000 | - | - | 2,200,000 | - | - | - | - | 2,200,000 | 2,200,000 |
| Tea Plantation | 20,541,938 | 85,653 | - | 20,627,591 | - | - | - | - | 20,627,591 | 20,541,938 |
| Buildings | 321,813,130 | 85,512 | - | 321,898,642 | 86,676,951 | 11,592,229 | - | 98,269,180 | 223,629,462 | 235,136,179 |
| Roads | 861,581 | - | - | 861,581 | 234,920 | 583,582 | - | 818,502 | 43,079 | 626,661 |
| Plant & Machinery | 78,991,990 | 250,000 | 722,544 | 78,519,446 | 67,211,735 | 1,729,616 | 235,312 | 68,706,039 | 9,813,407 | 11,780,257 |
| Furniture and Fittings | 11,970,711 | 105,690 | 13,302 | 12,063,099 | 6,731,802 | 1,704,204 | 11,357 | 8,424,649 | 3,638,450 | 5,238,909 |
| Office Equipment | 3,906,080 | 1,937,729 | - | 5,843,809 | 1,973,231 | 2,002,501 | - | 3,975,732 | 1,868,077 | 1,932,847 |
| Motor Vehicles | 19,593,700 | 5,186,190 | 2,443,741 | 22,336,149 | 12,101,305 | 3,044,557 | 1,873,208 | 13,272,653 | 9,063,496 | 7,492,395 |
| Computers & Data Processing Units | 8,337,868 | 4,214,188 | - | 12,552,056 | 6,750,064 | 3,111,437 | - | 9,861,501 | 2,690,555 | 1,587,804 |
| Electrical Installations & Equipment | 2,650,814 | - | - | 2,650,814 | 1,640,676 | 446,460 | - | 2,087,135 | 563,679 | 1,010,138 |
| | 470,867,811 | 11,864,962 | 3,179,587 | 479,553,187 | 183,320,683 | 24,214,586 | 2,119,877 | 205,415,392 | 274,137,796 | 287,547,128 |
| Intangible Assets | | | | | | | | | | |
| Computer Software | 6,402,995 | 1,125,532 | - | 7,528,527 | 4,938,215 | 891,762 | - | 5,829,977 | 1,698,550 | 1,464,779 |
| Intellectual Property & Rights | 30,768,540 | - | - | 30,768,540 | 9,379,339 | 5,784,412 | - | 15,163,751 | 15,604,788 | 21,389,201 |
| Total | 508,039,346 | 12,990,494 | 3,179,587 | 517,850,254 | 197,638,237 | 30,890,760 | 2,119,877 | 226,409,120 | 291,441,134 | 310,401,108 |
| <i>Figures for the corresponding previous year</i> | <i>439,586,899</i> | <i>72,618,750</i> | <i>4,166,303</i> | <i>508,039,346</i> | <i>176,729,123</i> | <i>24,695,329</i> | <i>3,786,215</i> | <i>197,638,237</i> | <i>310,401,108</i> | <i>262,857,776</i> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | | As at 31.03.2015 | | | As at 31.03.2014 | |
|--|-----------------------------|---|---------------------------------------|---------------------------------------|---------------------------------------|-------------------|
| | | Face Value (Rs.) | No. | Amount (Rs.) | No. | Amount (Rs.) |
| 12. INVESTMENTS | | | | | | |
| A. NON CURRENT | | | | | | |
| NON TRADE INVESTMENTS(Valued at Cost unless stated otherwise) | | | | | | |
| a) QUOTED | | | | | | |
| INVESTMENT IN EQUITY INSTRUMENTS | | | | | | |
| Federal Bank Ltd.(Fully Paid Up) | | | | | | |
| | | 2 | 3,555 | 102,750 | 3,555 | 102,750 |
| | | Number of units | | | | |
| | As at 01.04.2014 | Purchased / addition during the year | Sold during the year | As at 31.03.2015 | | |
| KOTAK FMP SERIES 135 (Face value of Rs. 10/-per unit) | 1,000,000 | - (1,000,000) | -- | 1,000,000 (1,000,000) | 10,000,000 | 10,000,000 |
| b) UNQUOTED EQUITY INSTRUMENTS | | | | | | |
| Suprawin Technologies Ltd. (Face value of Rs. 10/-per unit) | | | | | | |
| | | | | 10 | 1 | 1 |
| INVESTMENT IN PORTFOLIO | | | | | | |
| HDFC Assets Management Company Limited | | | | | | |
| | | | | | 425,789 | 774,884 |
| Birla Sunlife | | | | | | |
| | | | | | 584,510 | 584,510 |
| INVESTMENT IN VENTURE CAPITAL FUND | | | | | | |
| ASK Pravi Private Equity | | | | | | |
| | 262.50 | 112.50 | - | 375.00 | 37,500,000 | 26,250,000 |
| Opportunities Fund | | | | | | |
| (Face value of Rs. 100,000/-per unit) | (150.00) | (112.50) | - | (262.50) | | |
| | | | | <u>48,613,050</u> | <u>37,712,145</u> | |
| | | As at 31.03.2015 | | | As at 31.03.2014 | |
| | | Book Value | Market Value | Book Value | Market Value | |
| Aggregate amount of:- | | | | | | |
| Quoted Investments | | 10,102,750 | 11,642,738 | 10,102,750 | 10,508,559 | |
| Unquoted Investments | | 38,510,300 | - | 27,609,395 | - | |
| | | <u>48,613,050</u> | | <u>37,712,145</u> | | |
| Note: Figures in brackets pertain to previous year | | | | | | |
| | | Long-term | | Short-term | | |
| | | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) | |
| 13. LOANS AND ADVANCES | | | | | | |
| Advance recoverable in cash or in kind | | | | | | |
| (a) Security Deposits (Unsecured, considered good) | 2,524,365 | 5,745,822 | 3,439,129 | 1,472,956 | | |
| (b) Other Loans and Advances : | | | | | | |
| (Unsecured, considered good) | | | | | | |
| Prepaid Expenses | | | | | | |
| | 404,412 | 537,323 | 4,243,920 | 3,865,831 | | |
| Balance with Central Excise and other Government Authorities | | | | | | |
| | - | - | 8,362,040 | 7,140,315 | | |
| Advance Payment of Income Tax | | | | | | |
| | - | - | 63,740,295 | 64,823,580 | | |
| Advance to Employees | | | | | | |
| | 160,594 | 234,280 | 1,386,870 | 980,790 | | |
| Advance to Suppliers | | | | | | |
| | 510,174 | 510,174 | 54,753,645 | 5,445,798 | | |
| Other Advance | | | | | | |
| | - | - | 1,142,302 | 1,289,070 | | |
| | <u>3,599,545</u> | <u>7,027,599</u> | <u>137,068,201</u> | <u>85,018,340</u> | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) |
|---|---------------------------|---------------------------|
| 14. INVENTORIES | | |
| (As taken, valued and certified by the Management) | | |
| (a) Raw Materials | 2,333,684 | 235,281 |
| (b) Stores and Spare Parts | 573,793 | 1,289,260 |
| (c) Finished Goods | 1,626,251 | 10,266,681 |
| (d) Traded Goods (Chemicals, Polymer & Others) | 198,466,844 | 146,533,452 |
| | <u>203,000,572</u> | <u>158,324,674</u> |
| Details of Finished Goods / Raw Materials | Finished Goods | Raw Materials |
| | As at | As at |
| | 31.03.2015 | 31.03.2014 |
| | (Rs.) | (Rs.) |
| Refrigerant Gas | 678,233 | 9,023,728 |
| Tea | 948,018 | 1,242,953 |
| | <u>1,626,251</u> | <u>10,266,681</u> |
| | <u>2,333,684</u> | <u>235,281</u> |
| | <u>2,333,684</u> | <u>235,281</u> |
| | As at 31.03.2015 | As at 31.03.2014 |
| | (Rs.) | (Rs.) |
| 15. TRADE RECEIVABLES | | |
| (Unsecured, considered good unless otherwise stated) | | |
| (a) Outstanding for a period exceeding six months from due date | | |
| Unsecured, Considered Good | 8,022,856 | 51,668,218 |
| Unsecured, under litigation | 47,179,657 | - |
| Less: Provision | <u>12,374,347</u> | <u>790,548</u> |
| | 42,828,166 | 50,877,670 |
| (b) Other | | |
| Unsecured, Considered Good | 370,887,906 | 300,855,601 |
| | <u>413,716,072</u> | <u>351,733,271</u> |
| 16. CASH AND CASH EQUIVALENTS | | |
| CASH AND CASH EQUIVALENTS | | |
| (a) Cash in hand | 115,567 | 1,324,599 |
| (b) Balance with Banks | | |
| In Current Account | 3,926,538 | 1,068,152 |
| In EEFC Account | 1,538,465 | 1,917,115 |
| In Current Account (Foreign Countries) | 30,679,928 | 6,256,058 |
| OTHER BANK BALANCES | | |
| (a) Earmarked Balances With Banks | | |
| In Unpaid Dividend Account | 136,915 | 128,970 |
| (b) Margin Money held as Securities | 155,373,532 | 46,100,000 |
| | <u>191,770,945</u> | <u>56,794,894</u> |
| 17. OTHER CURRENT ASSETS | | |
| Unsecured, Considered Good unless otherwise stated | | |
| (a) Accrued Commission | - | 2,121,371 |
| (b) Dividend & Interest Receivable | 3,484,724 | 1,671,505 |
| (c) Other Receivable | 2,825,596 | 1,246,412 |
| | <u>6,310,320</u> | <u>5,039,288</u> |
| | For the year ended | For the year ended |
| | 31.03.2015 | 31.03.2014 |
| | (Rs.) | (Rs.) |
| 18. REVENUE FROM OPERATIONS | | |
| (a) Sale of Products | | |
| Tea (Including Export Sales of Rs 1,288,408 (Previous Year Rs. 2,975,334)) | 25,379,187 | 24,508,646 |
| Refrigerant Gas | 19,239,297 | 32,734,093 |
| Wind Power | <u>9,328,871</u> | <u>9,290,931</u> |
| Traded Goods (Chemicals, Polymers & Others) (Including Export Sales of Rs. 234,855,262 (Previous Year - Rs. 199,128,701)) | <u>2,061,655,588</u> | <u>2,778,568,094</u> |
| | <u>2,115,602,943</u> | <u>2,845,101,764</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|---|---|---|
| (b) Commission Income (Refer Note no- 28.01 of Other Notes to Account) | 169,267,969 | 180,556,292 |
| (c) Solar Training | 3,269,041 | 1,687,495 |
| (d) Other Operating Revenue | | |
| Export Benefits | 86,282 | 191,030 |
| Revenue from operations (Gross) | <u>2,288,226,235</u> | <u>3,027,536,581</u> |
| Less: Excise Duty | 2,063,062 | 3,727,574 |
| Revenue from operations (Net) | <u>2,286,163,173</u> | <u>3,023,809,007</u> |
| 19. OTHER INCOME | | |
| Interest Income | | |
| On Bond and Debenture | 2,223,772 | 3,436,312 |
| From Fixed Deposit | 11,406,541 | 6,475,032 |
| From Others | 356,581 | 272,632 |
| Dividend Income | | |
| On long term Investments (including Rs. 846,885 for previous year) | 1,388,653 | 6,399 |
| On Current Investments | - | 27,608 |
| Income from Investments-Portfolio | 335,946 | 326,886 |
| Exchange Rate Fluctuation - Net | 5,101,241 | - |
| Rent Received | 16,553,172 | 17,632,686 |
| Liabilities no longer required written back | 573,561 | 1,184,394 |
| Subsidy | 275,720 | 74,493 |
| Profit on Sale of Fixed Assets - Net | 493,614 | 1,823,526 |
| Miscellaneous receipts | 1,993,720 | 517,219 |
| | <u>40,702,521</u> | <u>31,777,187</u> |
| 20. COST OF RAW MATERIAL CONSUMED | | |
| Refrigerant Gas | <u>8,298,514</u> | <u>30,439,754</u> |
| | 8,298,514 | 30,439,754 |
| 21. PURCHASES OF STOCK IN TRADE | | |
| Traded Goods (Chemicals, Polymers & Others) | <u>1,920,129,610</u> | <u>2,563,357,636</u> |
| | 1,920,129,610 | 2,563,357,636 |
| 22. CHANGE IN INVENTORIES | | |
| Finished Goods | | |
| Opening Stock | 10,266,681 | 5,764,937 |
| Closing Stock | <u>1,626,251</u> | <u>10,266,681</u> |
| Decrease /(Increase) | <u>8,640,430</u> | <u>(4,501,744)</u> |
| Stock in Trade | | |
| Opening Stock | 146,533,452 | 158,906,149 |
| Closing Stock | <u>198,466,844</u> | <u>146,533,452</u> |
| Decrease /(Increase) | <u>(51,933,392)</u> | <u>12,372,697</u> |
| Change in inventory | <u>(43,292,962)</u> | <u>7,870,953</u> |
| 23. EMPLOYEES BENEFITS EXPENSE | | |
| Salaries, Wages, Bonus & Gratuity etc. | 96,013,210 | 90,857,273 |
| Managerial Remuneration | 8,558,875 | 7,498,225 |
| Contribution to Provident Fund | 7,278,278 | 6,350,443 |
| Staff Welfare | 2,061,949 | 1,994,728 |
| | <u>113,912,312</u> | <u>106,700,669</u> |
| 24. FINANCE COST | | |
| Bank Charges | 7,419,154 | 9,134,273 |
| Interest Paid to Bank | 2,292,989 | 641,233 |
| Interest on Others | - | 1,736,986 |
| | <u>9,712,143</u> | <u>11,512,492</u> |
| 25. DEPRECIATION | | |
| Depreciation | 30,890,760 | 24,695,329 |
| Less: Transfer to General Reserve & Deferred Tax | <u>1,733,202</u> | <u>-</u> |
| | <u>29,157,558</u> | <u>24,695,329</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) |
|--|---|---|
| 26. OTHER EXPENSES | | |
| Consumption of Stores & Spare parts etc. | 975,960 | 1,304,141 |
| Power & Fuel | 5,113,220 | 3,645,623 |
| Rent | 12,641,516 | 11,885,241 |
| Repairs to Plant & Machinery | 119,904 | 224,514 |
| Repairs to Buildings | 4,062,272 | 2,685,486 |
| Repairs to Others | 6,723,949 | 6,259,907 |
| Insurance | 2,053,179 | 1,626,003 |
| Rates & Taxes | 3,865,787 | 4,552,543 |
| Auditors' Remuneration | | |
| Audit Fees | 360,112 | 403,372 |
| Tax Audit Fees | 17,500 | 30,899 |
| Certification Fees | 50,562 | 28,090 |
| Reimbursement of Expenses | 9,101 | 35,902 |
| Premium on currency hedging Contracts | 12,221,294 | 15,624,473 |
| Exchange Rate difference – Net | - | 22,663,013 |
| Selling & Distributing Expenses | 35,670,620 | 29,891,979 |
| Directors Sitting Fees | 89,888 | 89,888 |
| Travelling Expenses | 13,864,102 | 12,186,451 |
| Bad Debt | 288,521 | 843,020 |
| Provision for Bad & Doubtful Debts | 11,924,435 | 283,447 |
| Donation | 31,000 | 2,500,000 |
| Corporate Social Responsibility Expenses (Refer Note No. 28.07) | 4,000,000 | - |
| Miscellaneous Expenses | 23,443,021 | 22,407,348 |
| | 137,525,943 | 139,171,340 |
| | As at 31.03.2015 (Rs.) | As at 31.03.2014 (Rs.) |
| 27. CONTINGENT LIABILITIES & COMMITMENTS: | | |
| 27.01 CONTINGENT LIABILITIES | | |
| (a) Bank Guarantees given to various Govt. Authorities/others | 103,793,448 | 3,197,219 |
| (b) (i) Income Tax demand under appeal | - | 1,039,818 |
| (ii) Sales Tax demand including penalty Rs. 5,303,960 | 8,839,933 | 8,839,933 |
| 27.02 OTHER LITIGATIONS | | |
| The Company has filed law suit against certain customers for recovery of Rs. 47,179,657 appearing in Trade receivables (Refer Note No. 15) | | |
| 27.03 COMMITMENTS | | |
| Estimated amount of Contract remaining to be executed on Capital Account and not provided for (Net of Advance) Rs. 510,174 (Previous Year Rs. 510,174) | | |
| 28. OTHER NOTES TO ACCOUNTS | | |
| 28.01 Commission Income includes shipments made earlier years but advice received in Current Year Rs. 1,962,586 (Previous year Rs. 2,175,703) | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28.02 Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits: - In respect of Leave Encashment & Gratuity, a defined benefit scheme (based on Actuarial Valuation)-

Defined Contribution Plan: The Company contributed Rs 6,617,904 for all eligible employees towards Provident Fund managed by the Central Government.

(Amount in Rs.)

| PARTICULARS | 2014-15 | | 2013-14 | |
|--|-------------------|-------------------------------|-------------------|-------------------------------|
| | GRATUITY | LEAVE ENCASH (UNFUNDED) | GRATUITY | LEAVE ENCASH (UNFUNDED) |
| A. RECONCILIATION OF OPENING AND CLOSING BALANCES OF DEFINED BENEFIT OBLIGATION | | | | |
| DEFINED BENEFIT OBLIGATION AS ON 01-04-2014 | 15,009,682 | 4,184,942 | 13,645,621 | 3,215,852 |
| EMPLOYER SERVICE COST | 1,497,223 | 1,181,035 | 1,430,532 | 1,052,482 |
| INTEREST COST | 1,232,744 | 334,795 | 1,157,514 | 257,268 |
| ACTUARIAL (GAINS) / LOSSES | 417,066 | (192,728) | (566,971) | 41,065 |
| BENEFITS PAID | (1,141,860) | (217,520) | (601,881) | (381,725) |
| PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AS ON 31-03-2015 | 17,014,855 | 5,290,524 | 15,064,815 | 4,184,942 |
| B. RECONCILIATION OF OPENING AND CLOSING BALANCES OF FAIR VALUE OF PLAN ASSETS | | | | |
| FAIR VALUE OF ASSETS AT THE BEGINNING OF THE YEAR | 10,170,462 | - | 9,367,945 | - |
| EXPECTED RETURN ON PLANNED ASSETS | 898,807 | - | 810,783 | - |
| CONTRIBUTION | 594,012 | - | 214,439 | - |
| BENEFITS PAID | (1,047,494) | - | (225,981) | - |
| ACTUARIAL (GAINS) / LOSSES | - | - | 3,276 | - |
| FAIR VALUE OF PLAN ASSETS AT YEAR END | 10,615,787 | - | 10,170,462 | - |
| C. RECONCILIATION OF FAIR VALUE OF ASSETS & OBLIGATION | | | | |
| FAIR VALUE OF PLAN ASSETS AS AT 31.03.2015 | 10,615,786 | - | 10,170,462 | - |
| FAIR VALUE OF OBLIGATION AS AT 31.03.2015 | 17,014,855 | 5,290,524 | 15,064,815 | 4,184,942 |
| AMOUNT RECOGNISED IN BALANCE SHEET | 6,399,069 | 5,290,524 | 4,894,353 | 4,184,942 |
| D. EXPENSES RECOGNISED DURING THE YEAR 2014-15 | | | | |
| CURRENT SERVICE COST | 1,497,223 | 1,181,035 | 1,430,532 | 1,052,482 |
| INTEREST COST | 1,232,744 | 334,795 | 1,157,514 | 257,268 |
| EXPECTED RETURN ON PLANNED ASSETS | (898,807) | - | (810,783) | - |
| ACTUARIAL (GAINS) / LOSSES | 417,066 | (192,728) | (570,247) | 41,065 |
| TOTAL | 2,248,226 | 1,323,102 | 1,207,016 | 1,350,815 |
| E. ACTUARIAL ASSUMPTIONS | | | | |
| MORTALITY TABLE (L.I.C. 1994-96) | | | | |
| DISCOUNT RATE (PER ANNUM) | 8% | 8% | 8% | 8% |
| RATE OF ESCALATION IN SALARY | 6% | 6% | 6% | 6% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28.03 Related Party Disclosure (To the extent Identified by the company)

Name & Relationship of the Related Parties:

I. Enterprises where control exists:

| | |
|---|------------------------|
| a) Vardhan Finvest Limited | - Holding Company |
| b) KPL Logistics Limited | - Subsidiary Company |
| c) Kanoria Chemical & Industries Limited | - Under Common Control |
| d) Vardhan Limited | - Under Common Control |
| e) Suprawin Technologies Limited | - Under Common Control |
| f) Breaking Wave Software Pvt. Limited | - Under Common Control |
| g) Kirtivardhan Finvest Services Limited | - Under Common Control |
| h) Kanoria Africa Textiles PLC, Ethiopia, | - Under Common Control |
| i) APAG Elektronik AG, Switzerland | - Under Common Control |
| j) APAG Elektronik S.R.O. | - Under Common Control |
| k) Sambhava Foundation | - Charitable Trust |

II. Key Managerial Personnel:

Mr. Surinder Kumar Kak, Managing Director

Transactions with Related Parties during the year:

(Amount in Rs.)

| Nature of Transaction | Holding / Subsidiary | | Enterprises Under Common Control | | Key Management Personnel* | |
|---|----------------------|------------|----------------------------------|-------------|---------------------------|-----------|
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| 1. Interest paid | | | | | | |
| Vardhan Limited | -- | -- | -- | 207,123 | -- | -- |
| Kirtivardhan Finvest Services Limited | -- | -- | -- | 253,151 | -- | -- |
| 2. Managerial Remuneration | | | | | | |
| Mr. Surinder Kumar Kak | -- | -- | -- | -- | 8,558,875 | 7,498,225 |
| 3. Dividend paid | | | | | | |
| Vardhan Finvest Limited | 42,357,000 | 28,226,000 | -- | -- | -- | -- |
| 4. Loan Received | | | | | | |
| Vardhan Limited | -- | -- | -- | 22,500,000 | -- | -- |
| Kirtivardhan Finvest Services Limited | -- | -- | -- | 27,500,000 | -- | -- |
| 5. Loan repaid | | | | | | |
| Vardhan Limited | -- | -- | -- | 22,500,000 | -- | -- |
| Kirtivardhan Finvest Services Limited | -- | -- | -- | 27,500,000 | -- | -- |
| 6. Commission Income | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | 2,490,389 | 1,517,584 | -- | -- |
| APAG Elektronik S.R.O. | -- | -- | 459,949 | 148,273 | -- | -- |
| 7. Rent Received | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | 412,500 | 1,612,500 | -- | -- |
| 8. Rent Paid | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | 645,963 | 767,538 | -- | -- |
| 9. Assets Sale | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | -- | 266,667 | -- | -- |
| 10. (a) Sale of Goods | | | | | | |
| Kanoria Chemicals & Industries Ltd. | -- | -- | -- | 581,427,023 | -- | -- |
| Kanoria Africa Textiles PLC, Ethiopia | -- | -- | 92,364,588 | 84,146,846 | -- | -- |
| APAG Elektronik AG, Switzerland | -- | -- | -- | 327,593 | -- | -- |
| APAG Elektronik S.R.O. | -- | -- | 60,795,667 | 68,599,266 | -- | -- |
| 10. (b) Reimbursements | | | | | | |
| APAG Elektronik AG, Switzerland | -- | -- | 966,524 | -- | -- | -- |
| 11. Website Development | | | | | | |
| Breaking Wave Software Pvt. Limited | -- | -- | 59,894 | 200,000 | -- | -- |
| 12. Donation Paid | | | | | | |
| Sambhava Foundation | -- | -- | -- | 2,500,000 | -- | -- |
| 13. CSR Paid | | | | | | |
| Sambhava Foundation | -- | -- | 4,000,000 | -- | -- | -- |
| 14. Training Fees | | | | | | |
| Sambhava Foundation | -- | -- | -- | 231,000 | -- | -- |
| Balance outstanding as on Balance Sheet date | | | | | | |
| Payable -Kanoria Chemicals & Industries Ltd. | -- | -- | -- | 750,000 | -- | -- |
| Receivable -Kanoria Chemicals & Industries Ltd. | -- | -- | 1,481,024 | 850,743 | -- | -- |
| -Kanoria Africa Textile PLC | -- | -- | 74,379,313 | 70,617,487 | -- | -- |
| -APAG Elektronik S.R.O. | -- | -- | 24,380,135 | -- | -- | -- |
| Remuneration payable to Mr. Surinder Kumar Kak | | | | | 2,839,604 | 1,780,128 |

* Excluding Actuarial Valuation of Gratuity & Leave Encashment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | For the year ended 31.03.2015 (Rs.) | For the year ended 31.03.2014 (Rs.) | | | | | | | | | | | | | | | |
|--|--|--|------------------------------|-----------------------------|--------------------|-------|------------------------------|------------|------------------------------|------------|--------------------|------|---------|--------|----------|--|--|
| 28.04 Earning Per Share | | | | | | | | | | | | | | | | | |
| Profit for the year | 100,591,930 | 113,084,461 | | | | | | | | | | | | | | | |
| Weighted average number of Equity Shares | 15,160 | 15,160 | | | | | | | | | | | | | | | |
| Basic & Diluted earning per share of Rs. 1000/- each | 6,635 | 7,459 | | | | | | | | | | | | | | | |
| 28.05 | There is no separate reportable segment as per the criteria specified in Accounting Standard (AS) 17 "Segment Reporting" prescribed under Section 133 of the Companies Act, 2013. | | | | | | | | | | | | | | | | |
| 28.06 | There are no Micro, Small & Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2015. This information is required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. | | | | | | | | | | | | | | | | |
| 28.07 CSR Expenditure | | | | | | | | | | | | | | | | | |
| The Company undertook Corporate Social responsibility('CSR') programme and activities through a Trust registered under the Income Tax Act,1961.by contributing Rs 40,00,000/-. | | | | | | | | | | | | | | | | | |
| (a) Gross Amount required to be spent by the Company during the year | 3,795,732 | -- | | | | | | | | | | | | | | | |
| (b) Amount spent by the Company through this trust: | | | | | | | | | | | | | | | | | |
| Construction/acquisition of any assets | -- | -- | | | | | | | | | | | | | | | |
| On purpose other than above | 3,566,910 | -- | | | | | | | | | | | | | | | |
| Yet to be spent | 228,822 | -- | | | | | | | | | | | | | | | |
| 28.08 Company considered in the Consolidated Financial Statements is : | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Name of the Company</th> <th style="width: 25%;">Country of Incorporation</th> <th style="width: 25%;">Holding as on 31-03-2015</th> <th style="width: 25%;">Financial Year end on</th> </tr> </thead> <tbody> <tr> <td>KPL Logistics Ltd.</td> <td style="text-align: center;">India</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">31-03-2015</td> </tr> </tbody> </table> | Name of the Company | Country of Incorporation | Holding as on 31-03-2015 | Financial Year end on | KPL Logistics Ltd. | India | 100% | 31-03-2015 | | | | | | | | | |
| Name of the Company | Country of Incorporation | Holding as on 31-03-2015 | Financial Year end on | | | | | | | | | | | | | | |
| KPL Logistics Ltd. | India | 100% | 31-03-2015 | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Name of the Entity</th> <th colspan="2" style="width: 40%;">Net Asset, i.e., total Asset minus total Liabilities</th> <th colspan="2" style="width: 35%;">Share in Net Profit or Loss</th> </tr> <tr> <td></td> <th style="width: 15%;">% on Consolidated Net Profit</th> <th style="width: 25%;">Amount Rs.</th> <th style="width: 15%;">% on Consolidated Net Profit</th> <th style="width: 20%;">Amount Rs.</th> </tr> </thead> <tbody> <tr> <td>KPL Logistics Ltd.</td> <td style="text-align: center;">0.10</td> <td style="text-align: right;">598,357</td> <td style="text-align: center;">(0.02)</td> <td style="text-align: right;">(15,958)</td> </tr> </tbody> </table> | Name of the Entity | Net Asset, i.e., total Asset minus total Liabilities | | Share in Net Profit or Loss | | | % on Consolidated Net Profit | Amount Rs. | % on Consolidated Net Profit | Amount Rs. | KPL Logistics Ltd. | 0.10 | 598,357 | (0.02) | (15,958) | | |
| Name of the Entity | Net Asset, i.e., total Asset minus total Liabilities | | Share in Net Profit or Loss | | | | | | | | | | | | | | |
| | % on Consolidated Net Profit | Amount Rs. | % on Consolidated Net Profit | Amount Rs. | | | | | | | | | | | | | |
| KPL Logistics Ltd. | 0.10 | 598,357 | (0.02) | (15,958) | | | | | | | | | | | | | |
| 28.09 | The Company is eligible for MAT Credit Entitlement amounting to Rs. 3,428/- relating to assessment year 2014-15 which shall be available for set off against future tax liability for next nine assessment years. As a prudent measure the company has not accounted for above MAT Credit Entitlement. | | | | | | | | | | | | | | | | |
| 28.10 | Previous Year figures have been regrouped and rearranged where ever required. | | | | | | | | | | | | | | | | |

Signatures to Notes 1 to 28.10

In terms of our Report of even date attached.

As per our report annexed
For SINGHI & CO.
Chartered Accountants
Firm Reg. No. 302049E

B.L. Choraria, Partner
M. No. 22973
Place: New Delhi
Dated: 16.06.2015

Surinder Kumar Kak
Managing Director
DIN: 00044521

M.L. Agarwal
Chief Financial Officer

For and on behalf of the Board

R.V. Kanoria
Chairman
DIN: 00003792

Ummang Mutreja
Company Secretary