

**THIRTY NINTH  
ANNUAL REPORT  
2004 - 2005**



**KHODAY INDIA LIMITED**



## BOARD OF DIRECTORS

<b>CHAIRMAN</b>	Shri K.L. RAMACHANDRA
<b>VICE CHAIRMAN &amp; MANAGING DIRECTOR</b>	Shri K.L. SRIHARI
<b>JOINT MANAGING DIRECTOR</b>	Shri K.L.A. PADMANABHASA
<b>EXECUTIVE DIRECTOR</b>	Shri K.L. SWAMY
<b>DIRECTOR</b>	Prof. L.R. VAGALE
<b>DIRECTOR</b>	Major Gen. M.K. PAUL
<b>GROUP PRESIDENT</b>	Shri P.R. ANANDA MURTHY
<b>COMPANY SECRETARY</b>	Shri M.S. MAYYA
<b>AUDITOR</b>	Shri S. SUKUMAR Chartered Accountant Bangalore
<b>BANKERS</b>	Canara Bank Corporation Bank Punjab National Bank UCO Bank United Western Bank Limited Dhanalakshmi Bank
<b>REGISTERED OFFICE</b>	No. 54, Kannayakana Agrahara Anjanapura Post, Bangalore - 560 062
<b>ADMINISTRATIVE OFFICE</b>	"Brewery House" 7th Mile, Kanakapura Road Bangalore - 560 062





## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the THIRTY NINTH Annual General Meeting of KHODAY INDIA LIMITED, will be held on Friday, the 23<sup>rd</sup> December 2005 at 12.00 Noon at Shravanthi Kalyana Mantapa, Kanakapura Road, Bangalore-62, to transact the following business:

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31-3-2005 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in the place of Mr.L.R.Vagale, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in the place of Mr.M.K.Paul, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the Next Annual General Meeting on a remuneration of Rs.3,00,000/- (including Tax Audit) plus out-of-pocket expenses and actual travel expenses in connection with the Company's Audit. Sri.S.Sukumar, Chartered Accountant, Bangalore retires at this meeting and is eligible for re-appointment.

### SPECIAL BUSINESS:

#### 5) ORDINARY RESOLUTION:

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its approval and consent for the re-appointment of Sri.K.L.Srihari, as a Whole Time Director designated as Managing Director w.e.f. 1-1-2006 for a period of 5 years on the following terms and conditions:

#### a) REMUNERATION:

SALARY : Rs.5,40,000-00 per annum or Rs.45,000-00 per month.

COMMISSION: 1% of the net profit.

#### b) PERQUISITES:

- i) Use of car and telephone: Free use of office car with a driver for official use. Free telephone facility at his residence provided long distance personal calls will be paid by him.
- ii) Subscription to Clubs/Associations: Fees of Clubs subject to a maximum of Two clubs. This will not include admission and life membership fees."

"RESOLVED FURTHER that where in any Financial year the Company has no profits or its profits are inadequate the remuneration payable to Sri.K.L.Srihari shall be governed by Section II of part II of Schedule XIII of the Companies Act, 1956 or any statutory enactment thereof."

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

# **KHODAY INDIA LIMITED**

---

## **6) ORDINARY RESOLUTION:**

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its approval and consent for the re-appointment of Sri.K.L.A.Padmanabhasa, as a Whole Time Director designated as Joint Managing Director w.e.f. 1-1-2006 for a period of 5 years on the following terms and conditions:

### **a) REMUNERATION:**

SALARY : Rs.4,80,000-00 per annum or Rs.40,000-00 per month.

COMMISSION: 1% of the net profit.

### **b) PERQUISITES:**

- i) Use of car and telephone: Free use of office car with a driver for official use. Free telephone facility at his residence provided long distance personal calls will be paid by him.
- ii) Subscription to Clubs/Associations: Fees of Clubs subject to a maximum of Two clubs. This will not include admission and life membership fees."

"RESOLVED FURTHER that where in any Financial year the Company has no profits or its profits are inadequate the remuneration payable to Sri.K.L.A.Padmanabhasa shall be governed by Section II of part II of Schedule XIII of the Companies Act, 1956 or any statutory enactment thereof."

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

By order of the Board  
For **KHODAY INDIA LIMITED**

Place: Bangalore

Date: 30.11.2005

(M.S.MAYYA)  
COMPANY SECRETARY

### **Notes:**

- A. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
- B. A blank proxy form is sent herewith
- C. The instrument appointing the proxy should however, be deposited at the Registered office of the company not less than 48 hours before the commencement of the meeting.
- D. The Register of Members and Share Transfer Books of the Company will remain closed from 19-12-2005 to 23-12-2005 (both days inclusive)
- E. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.

By order of the Board  
For **KHODAY INDIA LIMITED**

Place: Bangalore

Date : 30.11.2005

(M.S. MAYYA)  
COMPANY SECRETARY



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

**ITEM NO: 5 AND 6:**

The Shareholders of the company at the 34<sup>th</sup> Annual General Meeting held on 30-12-2000 re-appointed Sri.K.L.Srihari as Vice-Chairman and Managing Director and Sri.K.L.A. Padmanabhasa as Joint Managing Director for a period of 5 years w.e.f. 1-1-2001. The term of their appointments will expire on 31-12-2005. The Board of Directors at their meeting held on 30-11-2005 approved the re-appointment of these Whole Time Functional Directors subject to the approval of the Shareholders, for a further period of 5 years.

The Directors recommend the resolutions for the approval of the shareholders.

Sri.K.L.Srihari and Sri.K.L.A.Padmanabhasa are interested in the resolutions.

Sri.K.L.Ramachandra and Sri.K.L.Swamy being relatives of Sri.K.L.Srihari and Sri.K.L.A.Padmanabhasa are deemed to be interested in the resolutions.

By order of the Board  
For **KHODAY INDIA LIMITED**

Place: Bangalore  
Date : 30.11.2005

(**M.S.MAYYA**)  
COMPANY SECRETARY

# KHODAY INDIA LIMITED

---

## ANNEXURE TO THE AGM NOTICE

Information pursuant to Clause 49 of the Listing Agreement regarding appointment of new Directors or re-appointment of Directors:

1. Name : Prof.Lakshmansa Ramachandrasa Vagale  
Date of Birth and Age: 25-6-1922 - 83 YEARS  
Qualification : B.Sc., M.Sc., B E (Civil)  
Date of Appointment: 31-7-2003  
Specialised Expertise:Engineering Town  
Planning and Housing, Chief Technical Advisor and Project  
Manager with project Management and Financial Management  
as his responsibility for large U.N. Project.

Other Directorships : None.

Chairman/Member of the Committee : CHAIRMAN :  
Audit Committee Meeting, Khoday India Limited.

2. Name : Major General (Retd) M.K.Paul  
Date of Birth and Age: 01-04-1935 - 70 YEARS  
Qualification : B E (Mech), Civil Engineering  
Date of Appointment: 31-7-2003  
Specialised Expertise: Controller in National Institute of  
Advanced Studies in Bangalore.

Other Directorships : None.

Chairman/Member of the Committee : MEMBER :  
Audit Committee Meeting, Khoday India Limited.

3. Name : Sri.K.L.Srihari:  
Date of Birth and Age: 26-4-1939 - 66 YEARS  
Qualification : Industrialist  
Date of Appointment: 28-2-1969  
Specialised Expertise: General Management

Sri.K.L.Srihari has been a Director on the Board of the Company since 28-02-1969.

Sri.K.L.Srihari is a Director of the following companies:

Forest Resort (Bandipur) Ltd, Himalaya Distilleries Ltd, Khodays Breweries Ltd, Khodays Technologies Ltd, Khodays International Ltd, L K Power Corporation Ltd, River Resort Ltd, Tiger Breweries Ltd, United Glass Bottles Manufacturing Company Ltd and Wescopower Generation Ltd.

**Chairman/Member of the Committees:** MEMBER: Shareholders/Investors Grievance Committee, Khoday India Limited. CHAIRMAN: Share Transfer Committee, Khoday India Limited.



4. Name : Sri.K.L.A.Padmanabhasa  
Date of Birth and Age: 30-12-1940 - 64 YEARS  
Qualification : Industrialist  
Date of Appointment: 28-2-1969  
Specialised Expertise: General Management

Sri.K.L.A.Padmanabhasa has been a Director on the Board of the Company since 28-02-1969.

Sri.K.L.A.Padmanabhasa is a Director of the following companies:

Khodays Breweries Ltd, Khodays Technologies Ltd, Khodays International Ltd, L K Power Corporation Ltd, National Distilleries Ltd, Tiger Breweries Ltd, United Glass Bottles Manufacturing Company Ltd and Wescopower Generation Ltd.

Chairman/Member of the Committees: MEMBER: None.



# KHODAY INDIA LIMITED

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 39<sup>th</sup> Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 2005:

### FINANCIAL HIGHLIGHTS:

(Rs. in Lakhs)

Particulars	2004-2005	2003-2004
1. Gross Income	15613.67	21117.93
Less: Excise Duty	4546.28	7128.48
2. Net Income	11067.39	13989.45
3. Profit Before Tax	(554.60)	404.38
4. Provision for Taxation		
Current Tax	-	46.00
Deferred Tax	68.78	(34.47)
5. Profit After Tax	(485.82)	392.85
6. Prior year Adjustments	(5.50)	-
ADD :Balance Brought forward	387.54	-
	(103.78)	392.85
7. Transfer to Debenture } Redemption Reserve }	-	5.31
8. Balance carried forward	(103.78)	387.54

### DIVIDEND:

Your Directors express their inability to declare dividend for the year under review.

### REVIEW OF PERFORMANCE:

The net income of the Company during the year under review was Rs.110.67 Crores compared to Rs.139.89 Crores in the previous year, representing a decrease of Rs. 29.22 Crores .

Your Directors hope that the sales turnover of the Company is expected to be better in the years to come, depending upon the prevailing market conditions.

### FIXED DEPOSITS:

The total amount of deposits as on 31<sup>st</sup> March 2005 was Rs.74 Lakhs. All the matured deposits were re-paid.

### DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr.L.R.Vagale, Director and Mr.M.K.Paul, Director retire by rotation and being eligible, offer themselves for re-appointment.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr.K.L.Srihari, Managing Director and Mr.K.L.A.Padmanabhasa, Joint Managing Director being eligible, offer themselves for re-appointment for the office of Whole Time Directorship.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IF ANY:

The information required to be furnished Under Section 217(1)(e) of the Companies Act, 1956, is annexed.

### PARTICULARS OF EMPLOYEES:

Particulars required to be furnished under the Companies (Particulars of Employees) Rules, 1975 and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, to the extent applicable to the Company are given in the Annexure.



## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217(2A) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2005, the applicable accounting standards had been followed along with proper explanation relating to material departures:
- ii. that the directors had selected such accounting policies and applied them consistently and made judgements 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 or loss of the company for the year under review;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2005 on a going concern basis.

## **CORPORATE GOVERNANCE:**

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's Auditors on Corporate Governance as stipulated in the said clause 49 of the Listing Agreement is annexed thereto.

## **AUDITORS:**

Sri.S.Sukumar, Chartered Accountant, Bangalore was re-appointed as Statutory Auditor of the company in the Annual General Meeting held on 24.12.2004, to hold office until the conclusion of the next Annual General Meeting.

## **REMARKS OF AUDITORS:**

The remarks made by the Auditors in their Audit Report are considered by the Board of Directors and the following observations are made:

### **1. Non-confirmation of Balances:**

The Company has been writing to its debtors and creditors and only a few of them have been responding so far. The Company is pursuing this matter and hopes to reconcile all the accounts and also have confirmation of balances from the respective parties.

### **2. Non-conducting of Audit Committee Meeting:**

The Audit Committee could not meet during the year under review on account of paucity of quorum requirement.

### **3. Over due Loan Amount:**

The overdue amount payable in respect of term loan due to Financial Institutions & Banks have been paid subsequently to the extent of Rs. 103.10 lacs to financial institutions and Rs. 1159.22 lacs to Banks.

4. As per the opinion of the management, the amount mentioned in the Audit Report amounting to Rs. 315.64 lacs in respect of sundry debtors and Rs. 300.99 lacs in respect of irrecoverable advances would be realised in the normal course of business.

## **INDUSTRIAL RELATIONS:**

Industrial Relations were cordial throughout the year under review. Your Directors appreciate the dedicated services and co-operation of employees at all levels.

## **ACKNOWLEDGEMENT:**

Your Directors wish to place on record their appreciation of the continued assistance and co-operation from the State Government, Bankers, Financial Institutions, Business Associates and Company's Customers.

For and on behalf of the Board of Directors  
For **KHODAY INDIA LIMITED**

Date: 30.11.2005  
Place: Bangalore

**K.L. RAMACHANDRA**  
CHAIRMAN

# KHODAY INDIA LIMITED

## Annexure "A" to Director's Report

Information pursuant to Section 217(1)(e) of the Companies Act, 1956

### FORM – A (See Rule 2)

#### 1. Conservation of Energy.

PARTICULARS	31-03-2005		31-03-2004	
	Paper	Glass	Paper	Glass
<b>A. POWER &amp; FUEL CONSUMPTION</b>				
1. Electricity				
(a) Units Purchased KWH	-	5408352	90408	5761956
Amount (Rupees in '000s)	-	27534	2291	27724
Rate per Unit (in Rs.)	-	5.10	25.35	4.81
(b) Own Generation :				
Through Diesel Generators				
Units Produced KWH	-	205052	NIL	204052
Rate per Unit (in Rs.)	-	10.42	NIL	9.63
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>				
Electricity KWH (per M.T)	-	619	1793.27	518.27

### FORM – B (See Rule 2)

#### 2. TECHNOLOGY ABSORPTION

The question of technology absorption does not arise

#### 3. Foreign Exchange Earnings & Out Go

[Rupees in Thousands]

PARTICULARS	31-03-2005	31-03-2004
A. FOREIGN EXCHANGE OUT GO	14,568	19,282
B. FOREIGN EXCHANGE EARNINGS	2,85,940	2,32,018

## Annexure "B" to Directors' Report

INFORMATION REQUIRED AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2005:

1) NAME	:	LEHAR SARMA
2) DESIGNATION	:	VICE-PRESIDENT – MARKETING
3) REMUNERATION (RS. P.M.)	:	5.86 LAKHS
4) QUALIFICATION	:	MBA
5) EXPERIENCE (YRS)	:	7 YEARS 4 MONTHS
6) COMMENCEMENT OF EMPLOYMENT	:	1-2-2002
7) AGE (YRS)	:	32 YEARS
8) PARTICULARS OF LAST EMPLOYMENT/ EMPLOYER/ LAST POST AND PERIOD FOR WHICH POST HELD	:	2 YEARS GLOBAL BUSINESS DIRECTOR AIR INFOTECH, GURGAON



## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Khoday India Limited believes that good Corporate Governance is essential to achieve long term Corporate Goals and to enhance shareholders' value. Your company believes in transparency in dealing, dissemination of information with due disclosures, strict adherence to Statutory and regulatory prescription and increasing accountability to its shareholders, bankers and customers.

### 2. BOARD OF DIRECTORS:

A) The Board of Directors of the company consists of 6 members as on 31-3-2005 comprising:

- a) Three Executive Directors in the whole-time employment of the company.
- b) Three Non-Executive Directors (two independent Directors)

B) Attendance of each Director at the Board of Directors' Meetings:

In all 7 Board Meetings were held during the financial year 2004-2005 on 30-4-2004, 31-7-2004, 30-9-2004, 30-11-2004, 24-12-2004; 31-1-2005, 2-3-2005.

The attendance of the Directors is as under:

	NAME	POSITION	NO.OF BOARD MEETINGS ATTENDED	ATTENDANCE AT THE PREVIOUS AGM
1.	SRI.K.L. RAMACHANDRA	Promoter Non-Executive	6	P
2.	SRI.K.L. SRIHARI	Promoter Executive	5	P
3.	SRI.K.L.A. PADMANABHASA	Executive	6	P
4.	SRI.K.L. SWAMY	Executive	7	P
5.	PROF.L.R. VAGALE	Non-Executive Independent	7	P
6.	MAJ. GEN. M.K.PAUL	Non-Executive Independent	4	P

(C) Details about the Directors on the Boards/Committees:

	NAME OF THE DIRECTOR	DIRECTORSHIPS HELD IN OTHER PUBLIC LIMITED COMPANIES	MEMBERSHIP HELD IN COMMITTEES
1.	SRI. K.L. RAMACHANDRA	7	2
2.	SRI. K.L. SRIHARI	10	2
3.	SRI. K.L.A. PADMANABHASA	9	-
4.	SRI. K.L. SWAMY	9	2
5.	PROF.L.R.VAGALE	-	1
6.	MAJ.GEN.M.K.PAUL	-	1

# KHODAY INDIA LIMITED

## 3. AUDIT COMMITTEE:

The Audit Committee of the Board of Directors has been functioning since 1991. At present, the Audit Committee consists of 3 Non-Executive Directors viz., Sri.K.L.Ramachandra – Non-Executive Director, Prof.L.R.Vagale - Independent Director and Maj.Gen.M.K.Paul – Independent Director.

The Audit Committee could not meet during the year under review on account of paucity of quorum requirement.

## 4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Shareholders/Investors' Grievance Committee comprising of 3 Directors was also constituted. The Chairman is a Non-Executive Director. The names of the members of the Shareholders'/Investors' Grievance Committee, including its Chairman, are as follows:

Sri. K.L. Ramachandra	-	Chairman
Sri. K.L. Srihari	-	Member Director
Sri. K.L. Swamy	-	Member Director

During the year, the company received 48 complaints from Shareholders which were attended to promptly and disposed off within 30 days.

## SHAREHOLDERS'/INVESTORS' COMPLAINTS:

Particulars of Complaints received during 2004-2005

Complaint from	Received	Redressed	Pending as on November 30, 2005
Shareholders/Investors	45	45	NIL
Depositories/DP	1	1	NIL
SEBI	NIL	NIL	NIL
Stock Exchanges	2	2	NIL
Department of Company Affairs/Registrar of Companies	NIL	NIL	NIL
<b>TOTAL</b>	<b>48</b>	<b>48</b>	<b>NIL</b>

## NATURE OF COMPLAINTS

Nature	No.of Complaints	% of Complaints
Transfer of Shares	6	12.5
Issue of duplicate Share certificates	6	12.5
Non receipt of Dividend Warrants	13	27.08
Dematerialisation of Shares	1	2.08
Non receipt of Annual Report	7	14.59
Change of Address		
Non receipt of Debenture		
Redemption Warrant/Amount	13	27.08
Others	2	4.17
<b>Total</b>	<b>48</b>	<b>100.00</b>



**5. GENERAL BODY MEETINGS:**

A) Particulars of last three Annual General Meeting:

AGM	Year ended	Venue	Date	Time
38 <sup>th</sup>	31-3-2004	(ADJOURNED MEETING) Vaishnavi Kalyana Mantapa (Next to Shravanti Kalyana Mantapa) Kanakapura Road Bangalore - 560 078	30-3-2005	04-00 p.m.
38 <sup>th</sup>	31-3-2004	Shravanti Kalyana Mantapa Kanakapura Road Bangalore - 560 078	24-12-2004	12.15 p.m.
37 <sup>th</sup>	31-3-2003	As above	26-12-2003	12.00 Noon

B) Particulars of last two Extra-Ordinary General Meetings:

Date	Time	Venue
18.3.2003	11.00 A.M	'Brewery House' 7 <sup>th</sup> Mile, Kanakapura Road, Bangalore -62
18-12-1999	10.30 A.M.	Hotel Ashok, Banquet Hall Kumara Krupa, High Grounds Bangalore-560 001

**6. DISCLOSURES:**

There were no materially significant related party transactions.

The company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed against it in the last three years.

**7. MEANS OF COMMUNICATION:**

The quarterly and half yearly financial results were furnished to the Stock Exchanges as per listing agreement.

**8. COMPLIANCE CERTIFICATE OF THE AUDITORS:**

Certificate of Statutory Auditors has been obtained on Corporate Governance in deference to Clause 49 of the Listing Agreement of the Stock Exchanges and the same is annexed. Copy of the certificate is furnished to the Stock Exchanges as required.

**9. GENERAL SHAREHOLDER INFORMATION:**

39<sup>TH</sup> ANNUAL GENERAL MEETING – 23<sup>rd</sup> December 2005 At 12.00 Noon at Shravanti Kalyana Mantapa, Kanakapura Road, Bangalore-560 062.

# KHODAY INDIA LIMITED

Financial year : 2004-2005

Book Closure Date: 19-12-2005 to 23-12-2005

Listed at Bangalore Stock Exchange Ltd  
Stock Exchange Towers,  
51, 1<sup>st</sup> Cross, J C Road  
Bangalore-560 027  
Phone No: 51575234

Bombay Stock Exchange Ltd  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400 001  
Phone No: 022-2721234

Madras Stock Exchange Ltd  
"Exchange Building"  
11, Second Line Beach  
Chennai-600 001  
Phone No: 044-5228951

Market Price data during April 2004 – March 2005 on Mumbai Stock Exchange :

MONTH		OPEN	HIGH	LOW	VOLUME
APRIL	2004	15.65	17.55	13.55	74400
MAY	2004	14.60	19.90	13.75	154098
JUNE	2004	15.70	16.00	12.80	74756
JULY	2004	13.90	18.00	12.40	44679
AUGUST	2004	19.10	24.65	14.50	735362
SEPTEMBER	2004	22.00	23.90	18.00	276507
OCTOBER	2004	22.80	22.80	17.10	110360
NOVEMBER	2004	19.00	31.00	18.20	671222
DECEMBER	2004	30.00	45.50	24.05	2199291
JANUARY	2005	35.90	39.10	27.00	524906
FEBRUARY	2005	28.50	40.90	28.50	683563
MARCH	2005	34.30	54.20	34.30	754244

## Dematerialisation

The Equity shares of the company are traded in compulsory demat form and are available for trading under both the Depository Systems in India, namely NSDL and CDSL. Its International Securities Identification Number (ISIN) allotted under the Depository System is INE687B01014-KIL-EQ.

Mode of holding As on 31-3-2005	Shareholders		Equity Shares	
	No.	%	No.	%
Physical	12,170	72.21	3,60,46,879*	95.89
Demat	4,684	27.79	15,44,358	4.11

\* 23076923 shares of Rs.10/- each allotted to 11 shareholders consequent to amalgamation of Khoday Systems Ltd with Khoday India Limited has not been listed on the Stock Exchanges.



## Registrar and Share Transfer Agent :

For physical segment and for Demat Form : Alpha Systems Private Limited,  
30, Ramana Residency,  
4<sup>th</sup> Cross, Sampige Road,  
Malleswaram, Bangalore-560 003  
Phone No: 23460815/Fax No:23460819

Shareholders holding shares in electronic form shall address their correspondence to their respective Depository Participants.

## Compliance Officer:

Mr.M.S.Mayya, Company Secretary is the Compliance Officer under SEBI (Registrar to an issue and Share Transfer Agents) Regulations, 1993 and under Clause 47 of the Listing Agreement with Stock Exchanges.

## SHARE TRANSFER SYSTEM:

Shares lodged for transfer are normally processed within 15 days from the date of lodgment. All request for dematerialisation of shares are processed and the confirmation is given to the Depositors within 15 days.

Distribution of Shareholding as of 31<sup>st</sup> March 2005 is given below:

Range of Shares	No. of Share holders	% of Share holders	No. of Shares Held	% of Share-holding
1- 500	16383	97.03	2085573	5.55
501 - 1000	288	1.71	224139	0.59
1001 - 2000	78	0.46	114501	0.30
2001 - 3000	24	0.14	61675	0.16
3001 - 4000	8	0.04	28652	0.08
4001 - 5000	7	0.04	33178	0.09
5001 -10000	23	0.14	157662	0.42
Over 10,000	74	0.44	34885857	92.80
<b>Total</b>	<b>16,885</b>	<b>100.00</b>	<b>37591237</b>	<b>100.00</b>

## Categories of shareholding as on 31<sup>st</sup> March 2005

Category	No. of Shareholders	No. of Shares held	% of Shareholding
Individuals (Including NRI's)	16619	28,72,243	7.64
Companies	182	3,61,141	0.96
Promoters and Associated Companies	61	3,43,10,216	91.28
FII	1	30,200	0.08
Mutual Funds, FI's	9	5,127	0.04
NSDL/CDSL Transit position	13	12,310	0.08
<b>Total</b>	<b>16,885</b>	<b>3,75,91,237</b>	<b>100.00</b>



# **KHODAY INDIA LIMITED**

---

Plant Location : No:54, Kannayakana Agrahara  
Anjanapura Post,  
Bangalore-560 062.

Address for correspondence: Khoday India Limited  
"Brewery House",  
7<sup>th</sup> Mile, Kanakapura Road,  
Bangalore-560 062.

## **REMUNERATION COMMITTEE:**

The Company has not constituted any Committee of Directors styled as "Remuneration Committee".

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

1. An Overview : Your Company is a multi product company, manufacturing Alcoholic Beverages, High Quality Glass Bottles, Writing Paper and Information Technology.
2. Business Environment : Your Company has substantial market share in the production of IMFL with Peterscot, Red Knight etc., as the leading Brands available across the country.

The Systems Division of your company performed substantially well during the year. With the looking up of the economy during the year and improved performance around, the performance of this Sector is expected to improve leading to higher demand in the years to come.

3. Financial Performance : The gross sales turn over of the company during the year under review was Rs.150.82 Crores compared to Rs.206.30 Crores in the previous year representing a decrease of Rs.55.48 Crores. Despite the decrease in the cost of manufacturing, mainly in the areas of administration, selling expenses, interest and Bank charges, the loss incurred by the company during the year under review was Rs.4.91 Crores as against the net profit of Rs.3.93 Crores earned by the company in the previous year.
4. Opportunities and Threats : Alcoholic Beverages industries in the country is highly regulated. The State Government controls the production, Excise duty structure and distribution through its organisation Karnataka State Beverages Corporation Ltd. The Duties imposed are very high and there is no unanimity of policies among various states. The advertising of Alcoholic Beverages is not permitted in India. Heavy Excise duty levied on the products increases the selling prices, thus restricting the sales. However, with the changing life style and increase of spending power, the industry is witnessing a strong growth. With the entry of multinational companies in the domestic liquor market, resulting in a more competitive environment, your company will have to gear up to meet the challenges.
5. Internal Control System : The day to day administration is looked after under the supervision, control and guidance of the Managing Director. The company has an adequate system of internal control.
6. Industrial Relations : Your Company values its human resources and considers it as an invaluable asset. The employees are motivated to bring out the best within themselves and the industrial relations in all the units of the company remained cordial throughout the year.



## Auditor's Certificate on Corporate Governance

To  
The Members of  
**Khoday India Limited.**

I have examined the compliance of conditions of Corporate Governance by Khoday India Limited for the year ended 31<sup>st</sup> March 2005 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange (s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance *except non conducting of Audit committee meeting during the year* as stipulated in the above mentioned listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, I have to state that as per the records maintained by the Company, there were no investors grievances remaining unattended / pending for more than 30days.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place : Bangalore  
Date : 30.11.2005

**S. SUKUMAR**  
CHARTERED ACCOUNTANT  
Membership No. 19882

# KHODAY INDIA LIMITED

---

## REPORT OF THE AUDITOR

### To the Members of Khoday India Limited

1. I have audited the attached Balance Sheet of **Khoday India limited** as at 31 st March 2005 and Profit and Loss account and also the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order
4. Further to my comments in the Annexure referred to above, I report that
  - a. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
  - b. In my opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books.
  - c. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - d. In my opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report have been prepared in compliance with the applicable Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
5. In my opinion and based on the information and explanations given to me and on basis of written representation received from the directors as on 31st March 2005 and taken on record by the Board of Directors, that none of the Director is disqualified as at 31 st March, 2005 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
6. Attention is invited to the following:
  - a) **Note No. 9 regarding non – confirmation of balances for non convertible Debenture, Secured loan from Financial Institutions, Sundry debtors, Sundry creditors, advances received and loans and advances the effect of which on the accounts, if any, could not be ascertained.**
  - b) **Non – Provision for Bad and doubtful debts amounting to Rs.315.64 lakhs in respect of certain sundry debtors and Rs.300.99 lakhs in respect of certain irrecoverable loans and advances.**

**had the provision made by me in paragraph 6(b) above been considered, the loss for the year would have gone up by Rs. 616.63 Lakhs, the reserves and surplus would have gone down by Rs. 616.63**



**lakhs, Sundry Debtors would have gone down by Rs.315.64 lakhs and the loans and advances would have gone down by Rs 300.99 lakhs.**

Subject to the foregoing

In my opinion, and to the best of my information and according to the explanations given to me, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon and Accounting Policies, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

- a. In the case of the Balance Sheet of the state affairs of the company as at 31 st March 2005,
- b. In the case of the Profit and Loss Account, of the Loss for the year ended on that date, and
- c. In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Place : Bangalore  
Date : 30.11.2005

**S. SUKUMAR**  
*CHARTERED ACCOUNTANT*  
Membership No.19882

## ANNEXURE TO THE AUDITORS REPORT.

(Referred to in Para 3 of my report of even date)

- I. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) I have been informed that the fixed assets of the Company are physically verified by the Management according to a phased program designed to cover all the items over a period of three years, which in my opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, physical verification was carried out during the year and to the best of my knowledge no material discrepancies were noticed.  
(c) In my opinion, the company has not disposed off a substantial part of fixed assets during the year, which has bearing a going concern.
- II. (a) As explained to me, Inventories have been physically verified by the management at regular intervals during the year. The stocks in possession of the third parties have been confirmed by them.  
(b) In my opinion and according to the information and explanations given to me, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In my opinion and according to the information and explanations given to me, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification.
- III. (a) The company has not granted any Loans, secured or unsecured to Companies, firms or other parties, which have been listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly the Clause 4(iii) (b), (c), (d) of the order are not applicable.  
(e) The Company has not taken loans, secured or unsecured from companies and firms which have been listed in the register maintained under section 301 of the Companies Act, 1956. However, the Company has taken unsecured loans from other parties who are listed in the register maintained under section 301 of the Companies Act. There are four number of parties, the maximum amount involved during the year and the year-end balance of such loan aggregate to Rs.603.93 Lacs and Rs.385.14 Lacs respectively.  
Further the company has taken unsecured Interest free loan from Directors' of the company who are listed in the register maintained under section 301 of the Companies Act. There are four numbers of parties and the maximum amounts outstanding at any time during the year are Rs 119.51 lacs and the year end balance of such loan is Rs.111.29 lacs.  
(f) In my opinion, according to the information and explanations given to me, I am of the opinion that the rate of interest and terms and conditions in respect of loans taken from other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are prima facie, not prejudicial to the interest of the company.  
There are no terms and condition in respect of loan taken from directors', However I am of the opinion that such Loans are prima facie, not prejudicial to the interest of the company  
(g) The company is repaying the principal amount and interest as stipulated and has been regular during the year.
- IV. In my opinion and according to the information and explanations given to me, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of my audit, I have neither come across nor have I been informed of any continuing failure to correct major weaknesses in the aforesaid internal controls system.
- V. (a) In my opinion and according to the information and explanations given to me, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 and need to be entered into the register maintained under that section have been so entered.



- (b) In my opinion and according to the information and explanations given to me, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of Rs 5 lakhs in respect of each party have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, where the market price is available.
- VI. In my opinion and according to the information and explanations given to me, the company has complied with directives issued by Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under with respect to the deposits accepted from public, **excepting submission of Annual Return to Reserve Bank of India**
- VII. In my opinion, the company has an internal Audit system commensurate with the size of the company and nature of its business.
- VIII. I have broadly reviewed the books of account maintained by the company in respect of Industrial Alcohol and paper products pursuant to the order made by Central Government for the maintenance of the Cost Records under Section 209 (1) (d) of the companies Act, 1956, and I am of the opinion that prima facie, prescribed records and accounts have been made and maintained by the company, I have not, made a detailed examination of records with a view to determine whether they are accurate or complete.
- IX. (a) According to the information and explanations given to me and as per my verification of the records of the company, in my opinion, the company is generally regular in depositing undisputed statutory dues including Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities excepting the Employees Provident Fund, Employees State Insurance, Sales Tax, Entry Tax, Professional Tax and Tax Deducted at Sources, where it is not regular.
- (b) **According to information and explanation given to me excepting for Rs.68.08 Lacs towards Sales Tax, Rs.63.90 Lacs towards Employees Provident Fund, Rs.2.64 lacs towards Entry Tax Rs.6.54 Lacs towards Professional Tax, there are no other undisputed amount payable in respect of statutory dues which have been remained outstanding as at 31<sup>st</sup> March 2005 for a period of more than six months from the date they became payable. However, the entire dues are paid subsequently excepting Rs 46 .96 Lacs towards Sales Tax.**
- (c) According to the information and explanations given to me and records of the company, the following are the particulars of dues on account of Sales Tax, Income Tax, matters that have not been deposited on account of dispute.

Name of the Statute	Nature of Dues	Rupees in Lacs	Forum where dispute is pending.
Karnataka sales Tax Act, 1957	Sales tax, Entry Tax and penalty from financial year 1991 to 2001	335.03	Additional deputy Commissioner of Commercial Taxes. Bangalore.
Income Tax Act, 1961.	Income Tax Demand financial year 1999-00	53.44	Income Tax Appellate Tribunal.
Income Tax Act, 1961.	Income Tax Demand financial year 2000-01	220.66	Commissioner of Income Tax (Appeal).
Income Tax Act, 1961.	Income Tax Demand financial year 2001-02	167.31	Commissioner of Income Tax (Appeal).

## KHODAY INDIA LIMITED

---

- X. In my opinion, the company does not have any accumulated losses at the end of the financial year and after making adjustments for Audit qualification the company has incurred cash losses in current financial year. However the company has not incurred cash losses in the immediately preceding financial year.
- XI. **According to information and explanations given to me, the company has defaulted in repayment of principal and interest dues amounting to Rs 1106.39 Lacs towards financial institutions, Rs 1624.29 Lacs towards banks and Rs 185.40 Lacs towards debenture holder during the year.**
- XII. According to the information and explanations given to me the company has not granted any loans and advances on the basis of security by way of pledge of shares, Debentures and other securities.
- XIII. In my opinion, the company is not a chit fund or a nidhi mutual fund society. Therefore the provision of clause 4 (xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XIV. In my opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies ( Auditors Report) Order,2003 are not applicable to the Company.
- XV. According to the information and explanations given to me, the company has not given any guarantees for the loans taken by others from bank or financial institution.
- XVI. In my opinion the company has not obtained any term loan during the year. Hence reporting about the application of such loan does not arise.
- XVII. Based on the information and explanations given to me and overall examination of the Balance sheet of the company, in my opinion, there are no funds raised on a short term basis which have been used for long term investment.
- XVIII. According to the information and explanations given to me, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the companies Act, 1956 during the year.
- XIX. According to the information and explanations given to me, the company has not issued any debentures during the year.
- XX. The company has not raised any money by way of public issue during the year.
- XXI. During the course of examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me, I report that no case of fraud on or by the company has been noticed or reported during the year under audit.

Place : Bangalore  
Date : 30.11.2005

**S. SUKUMAR**  
CHARTERED ACCOUNTANT  
Membership No.19882



## BALANCE SHEET AS AT 31ST MARCH, 2005

[Amount in Thousands]

PARTICULARS	Schedule	As at 31-03-2005	As at 31-03-2004
<b>SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS' FUNDS</b>			
[a] Share Capital	1	375,912	375,912
[b] Reserves & Surplus	2	898,257	974,742
<b>2. LOAN FUNDS</b>			
[a] Secured Loans	3	932,753	1,155,479
[b] Unsecured Loans	4	80,400	128,956
<b>3. DEFERRED TAX LIABILITY (NET)</b>		-	6,878
<b>TOTAL:</b>		<b>2,287,322</b>	<b>2,641,967</b>
<b>APPLICATION OF FUNDS</b>			
<b>4. FIXED ASSETS :-</b>			
[a] Gross Block	5	1,289,281	1,184,537
[b] Less: Depreciation		633,017	545,681
[c] Net Block		656,264	638,856
<b>5. CAPITAL WORK-IN-PROGRESS</b>			
[a] Call Centre		146,079	201,572
[b] Others		93,764	115,115
<b>6. INVESTMENTS</b>	6	623,994	625,840
<b>7. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
[a] Inventories	7	492,525	473,975
[b] Sundry Debtors	8	311,116	413,226
[c] Cash & Bank Balances	9	29,848	54,011
[d] Other Current Assets	10	465	579
[e] Loans & Advances	11	606,347	684,043
		1,440,301	1,625,834
<b>8. LESS: CURRENT LIABILITIES &amp; PROVISIONS :-</b>			
[a] Current Liabilities	12	662,930	561,755
[b] Provisions	13	30,794	31,021
		693,724	592,776
<b>9. NET CURRENT ASSETS</b>		746,577	1,033,058
<b>10. MISCELLANEOUS EXPENDITURE</b>	14	20,644	27,526
(To the extent not written off or adjusted)			
<b>TOTAL :</b>		<b>2,287,322</b>	<b>2,641,967</b>

## Significant Accounting Policies and Notes on Accounts 23

The schedules referred to above form an integral part of the Balance Sheet

**K. L. RAMACHANDRA**  
Chairman

**K. L. SRIHARI**  
Vice - Chairman &  
Managing Director

As per my report of even date

Place: Bangalore  
Date : 30-11-2005

**M. S. MAYYA**  
Company Secretary

**S. SUKUMAR**  
Chartered Accountant



# KHODAY INDIA LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

[Amount in Thousands]

PARTICULARS	Schedule	For the year ended 31-03-2005	For the year ended 31-03-2004
<b>INCOME:</b>			
Sales (Gross)	15	1,508,194	2,062,954
Less: Excise Duty and import Fee		<u>454,629</u>	<u>712,848</u>
Sales ( Net)		1,053,565	1,350,106
Other Income	16	19,256	42,790
Increase / (Decrease) in Stock	17	<u>33,918</u>	<u>6,050</u>
<b>TOTAL:-</b>	<b>[A]</b>	<b><u>1,106,739</u></b>	<b><u>1,398,946</u></b>
<b>EXPENDITURE:</b>			
Consumption of Materials and Purchase for resale	18	376,284	450,181
Mfg, Administrative & Selling Expenses	19	343,559	471,555
Personnel Expenses	20	201,385	167,100
Interest & Bank Charges	21	180,988	198,323
Depreciation	22	<u>59,983</u>	<u>71,349</u>
<b>TOTAL:-</b>	<b>[B]</b>	<b><u>1,162,199</u></b>	<b><u>1,358,508</u></b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	<b>[A-B]</b>	<b><u>(55,460)</u></b>	<b><u>40,438</u></b>
LESS: Provision for Taxation - Current Tax		-	4,600
- Deferred Tax		6,878	(3,447)
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS</b>		<b>(48,582)</b>	<b>39,285</b>
Prior year adjustments		(550)	-
<b>NET PROFIT (LOSS) FOR THE YEAR</b>		<b>(49,132)</b>	<b>39,285</b>
ADD : Balance Brought forward		<u>38,754</u>	<u>-</u>
Amount Available for Appropriation		<b>(10,378)</b>	<b>39,285</b>
<b>APPROPRIATIONS</b>			
Transferred to Capital Redemption Reserve		-	531
Balance carried to Balance Sheet		<u>(10,378)</u>	<u>38,754</u>
Basic Earning Per Shares ( in Rupees) (Ref Note -3)		<u>(1.29)</u>	<u>1.04</u>
Diluted Earning Per Shares ( in Rupees ) (Ref Note-3)		<u>(1.29)</u>	<u>1.04</u>

Significant Accounting Policies and Notes on Accounts 23

The schedules referred to above form an integral part of the Profit & Loss Account

**K. L. RAMACHANDRA**  
Chairman

**K. L. SRIHARI**  
Vice - Chairman &  
Managing Director

As per my report of even date

Place: Bangalore  
Date : 30-11-2005

**M. S. MAYYA**  
Company Secretary

**S. SUKUMAR**  
Chartered Accountant



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	As at 31-03-2005	As at 31-03-2004
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
4,50,00,000 Equity Shares of Rs.10/- each	450,000	450,000
<b>ISSUED</b>		
3,81,34,237 (Previous year 38134237) Equity Shares of Rs 10/- each	<u>381,342</u>	<u>381.342</u>
<b>SUBSCRIBED AND PAID UP</b>		
3,75,91,237 (previous year 37591237) Equity Shares of Rs.10 each fully paid up (Including 64,50,000 Equity Shares allotted as fully paid Bonus Shares by capitalisation of Reserves and 111048 Equity Shares allotted to erstwhile Manaylux Paper Board Pvt Ltd as per the scheme of amalgamation and 23076923 Equity shares allotted to erstwhile Khoday Systems Limited as per the scheme of amalgamation for consideration Other than cash)	<u>375,912</u>	<u>375,912</u>
<b>Total...</b>	<u>375,912</u>	<u>375,912</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS:</b>		
<b>CAPITAL RESERVE</b>		
As at the beginning of the financial year	190,918	190,918
<b>As at the end of the financial year</b>	<u>190,918</u>	<u>190,918</u>
<b>CAPITAL REDEMPTION RESERVE:</b>		
As at the beginning of the financial year	531	-
Add : Transferred From Profit and Loss account		<u>531</u>
<b>As at the end of the financial year</b>	<u>531</u>	<u>531</u>
<b>SHARE PREMIUM ACCOUNT</b>		
As at the beginning of the financial year	115,463	116,260
Less : Deletion on Account of Buy back share	-	<u>797</u>
<b>As at the end of the financial year</b>	<u>115,463</u>	<u>115,463</u>
<b>GENERAL RESERVE:</b>		
As at the beginning of the financial year	282,934	282,934
Less: Profit & Loss Account	(10,378)	-
<b>As at the end of the financial year</b>	<u>272,556</u>	<u>282,934</u>
<b>REVALUATION RESERVE:</b>		
As at the beginning of the financial year	296,142	323,495
Less : Transfer to Profit & Loss Account	<u>27,353</u>	<u>27,353</u>
<b>As at the end of the financial year</b>	<u>268,789</u>	<u>296,142</u>
<b>DEBENTURE REDEMPTION RESERVE:</b>		
As at the beginning of the financial year	50,000	50,000
<b>As at the end of the financial year</b>	<u>50,000</u>	<u>50,000</u>
<b>SURPLUS FROM PROFIT &amp; LOSS A/c</b>	-	<u>38,754</u>
<b>Total</b>	<u>898,257</u>	<u>974,742</u>

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	As at	As at
	31-03-2005	31-03-2004
<b>SCHEDULE -3</b>		
<b>SECURED LOANS:</b>		
a. 16.5% Non Convertible Debentures	18,540	50,000
b. From Banks - Cash Credits	376,298	505,453
- Term Loans	364,744	462,520
c. From Financial Institutions	110,931	95,243
d. From Others	24,506	23,886
e. Interest Accrued and Due	37,734	18,377
<b>Total</b>	<b>932,753</b>	<b>1,155,479</b>

(a) 16.5% Privately placed Non Convertible Secured Debentures are redeemable at par in seven quarterly instalments from 25th May 2003, Secured by personal Guarantee of the Directors and their relatives, Mortgage of Property owned by Directors and their relatives and Mortgage of immovable property owned by companies in which some of the Directors are members, and further secured by first mortgage of immovable property owned by a Trust in which some of the Directors are Trustees and whole of movable property of the Company including moveable Plant and Machinery, Spares, Tools and Accessories and other movables, both present and future.

(b) Cash Credits from Banks have been secured by a first charge by way of Hypothecation of Stock of Raw materials, Semi finished, Finished goods, other packing materials, Bills receivables and book debts and other Moveable property of Distillery Division on pari pasu basis.

**(c) Term Loan of Rs 3647.44 Lacs includes**

(i) Rs.1262.74 Lacs secured by hypothecation of maturation stock and Further secured by a first charge by way of mortgage of immovable property of a company in which some of the Directors are members.

(ii) Rs541.67 Lacs secured by personal guarantee of the directors and their relatives and further secured by first charge by way of mortgage of immovable properties of a firm in which some of the directors are partners.

(iii) Rs.746.03 Lacs secured by the Equitable mortgage of Factory Land and Building and by a First charge on the Plant & Machinery owned by the Paper Division of the Company and,

(iv) Rs.232.35 Lacs secured by a First charge on the Plant & Machinery, Equipments and Furnace of Glass Division and further secured by an Equitable mortgage of Factory Land and Building of a Company in which some of the Directors are members, also secured by Corporate



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	As at 31-03-2005	As at 31-03-2004
Guarantee of a Company in which some of the Directors are members and personal guarantee of the Directors of the Company.		
(v) Rs 864.65 lacs secured by personal guarantee of the directors and their relatives and further secured by first charge by way of mortgage of immovable property of a firm in which some of the directors are partners and further secured by first charge by way of mortgage of the immovable property of a trust in which some of the Directors are Trustees and further secured by a building of the company .		
<b>(d) Loans from Financial Institutions of Rs.1109.31 Lacs includes</b>		
(i) Rs756.39 Lacs is secured by the personal guarantee of the directors and their relatives and mortgage of the property owned by the directors and their relatives and further secured by the first mortgage of immovable property owned by a Trust in which some of the Directors are Trustees and mortgage of immovable properties owned by a company in which some of the Directors are member and whole of movable property of the Company including its Plant and Machinery, Spares, Tools and Accessories and other movables, both present and future.		
(ii) Rs.352.92 Lacs is secured by first charge on the company's moveable and immovable properties both present and future and further secured by mortgage of immovable property owned by a private company in which some of the directors are members and further secured by first mortgage of immovable property of land measuring 8.2 acres which is owned by private trust in which some of the directors are trustees and also personal guarantee of the directors of the company.		
<b>(e) Loans from others Rs245.05 includes</b> Rs55.25 Lacs is secured by hypothication of vehicles and Rs.85.99Lacs being hire purchase loans taken for acquiring fixed assets of the company and Rs16.69 Lacs has been secured by the Second Charge on the Plant & Machinery and Land measuring 77.24 acres of Company's Paper Division and balance of Rs 87.12 Lacs being finance lease taken for acquiring computer of System Division .		
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Short Term Loans		
- From Directors	11,129	11,931
- From Others	46,744	89,980
Other Loans		
- From Banks	22,527	27,045
<b>TOTAL</b>	<b>80,400</b>	<b>128,956</b>

[Loan from banks Rs.225.27 Lacs is secured by the personal guarantee of the Directors of the company]

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS		As at		As at		As at		As at		
		31-03-2005		31-03-2004		31-03-2005		31-03-2004		
SCHEDULE - 5										
FIXED ASSETS										
		GROSS BLOCK			DEPRECIATION			NET BLOCK		
SL No.	PARTICULARS	As on 01.04.2004	Additions	As on 31.03.2005	As on 01.04.2004	For the year	As on 31.03.2005	As on 31.03.2005	As on 31.03.2004	
1	Land	33,417	-	33,417	-	-	-	33,417	33,417	
2	Buildings	325,298	100,892	426,190	68,382	15,590	83,972	342,218	256,916	
3	Plant And Machinery	477,235	1,518	478,753	286,297	37,021	323,318	155,435	190,938	
4	Furniture & Fixtures Other Office Equipments	248,491	751	249,242	119,630	26,906	146,536	102,706	128,861	
5	Vehicles	100,096	1,583	101,679	71,372	7,819	79,191	22,488	28,724	
<b>Total . . .</b>		<b>1,184,537</b>	<b>104,744</b>	<b>1,289,281</b>	<b>545,681</b>	<b>87,336</b>	<b>633,017</b>	<b>656,264</b>	<b>638,856</b>	

### SCHEDULE - 6

#### INVESTMENTS :

Govt. Securities			256	256
<b>TOTAL</b>	<b>{ A }</b>		<b>256</b>	<b>256</b>

#### QUOTED - EQUITY SHARES (FULLY PAID-UP) TRADE INVESTMENTS - LONG TERM

	No of Shares		
Alembic Glass Industries Limited	33	4	4
Arlem Breweries Limited	150	1	1
Artos Breweries Limited	225	2	2
Excell Glass Limited	500	5	5
Jupiter Breweries Limited	300	3	3
Pilsener Breweries Limited	100	2	2
Punjab Breweries Limited	250	3	3
Shaw Wallace and Co Ltd (P.Y. - Bonus Shares)	500	2	6
UB Limited	20	-	-
Kingfisher Properties and Holding Ltd. (P.Y. - 172389 Shares)	5281	45	1,477
<b>SUB TOTAL</b>		<b>67</b>	<b>1,503</b>



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	As at 31-03-2005	As at 31-03-2004
<b>NON-TRADE INVESTMENTS - LONG TERM :</b>		
Chowgule Steam S		
Chowgule Steam Ship Limited	17500	400
GL Hotels Limited	900	5
GTC Industries Limited	160	1,
Godfrey Phillips India Limited	1600	14
IDL Chemicals Limited	1860	7
Karnataka Bank Ltd	5700	-
Kasturi Foods & Chemicals Limited	5000	50
MOI Engineering Limited	1400	10
Metal Box India Limited	365	4
Modern Syntex (India) Ltd	400	12
Nestle India Ltd ( P. Y -574 shares)	76	-
Panchakala Malt Limited	100	1
State Bank of Travancore	280	168
<b>Sub Total ....</b>	<b>672</b>	<b>949</b>
<b>Total.. {B}</b>	<b>739</b>	<b>2,452</b>
<b>MARKET VALUE OF QUOTED INVESTMENTS</b>	<b>2,576</b>	<b>10,070</b>
<b>UNQUOTED - EQUITY SHARES (FULLY PAID-UP)</b>		
<b>TRADE INVESTMENTS - LONG TERM :</b>		
Himalaya Distilleries Ltd	12500	125
United Glass Bottles Mfg Co Ltd	13650	137
Khoday Industries Pvt Ltd	480	480
<b>Sub Total ....</b>	<b>742</b>	<b>742</b>
<b>UNQUOTED - PREFERENCE SHARES (FULLY PAID-UP)</b>		
<b>NON-TRADE INVESTMENTS - LONG TERM :</b>		
Kirlosker Consultants Ltd	5000	500
(15% Redeemable Cumulative Preference Shares)		
<b>Total.. {C}</b>	<b>1,242</b>	<b>1,242</b>
<b>INVESTMENTS IN FIRMS :</b>		
Lakshmi Estate	621,757	621,890
<b>Total.. {D}</b>	<b>621,757</b>	<b>621,890</b>
<b>TOTAL INVESTMENTS AT COST {A+B+C+D}</b>	<b>623,994</b>	<b>625,840</b>

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	As at 31-03-2005	As at 31-03-2004
<b>SCHEDULE - 7</b>		
<b>INVENTORIES :</b>		
(As valued and certified by the Management)		
Stores, Spares and Fuel	4,674	4,831
Raw Materials & Goods Purchased for Resale	113,044	128,255
Semi-Finished Goods	325,391	290,648
Work - in - Progress	3,466	3,466
Finished Goods	45,950	46,775
<b>Total..</b>	<b>492,525</b>	<b>473,975</b>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS :</b>		
(Unsecured, Considered Good)		
Outstanding for more than Six Months	129,285	143,302
Other Debts	181,831	269,924
(Unsecured, Considered Doubtful)		
Outstanding for more than six months	928	928
<b>LESS: Provision for Doubtful Debts</b>	<b>(928)</b>	<b>(928)</b>
<b>Total..</b>	<b>311,116</b>	<b>413,226</b>
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES :</b>		
Cash on hand and in transit	11,365	18,380
Balances with Scheduled Banks		
- In Current Account	9,688	9,010
- In Fixed Deposit Accounts	8,795	26,621
<b>Total..</b>	<b>29,848</b>	<b>54,011</b>
<b>SCHEDULE - 10</b>		
<b>OTHER CURRENT ASSETS :</b>		
Interest Accrued on Fixed Deposits and Investments	465	579
<b>Total..</b>	<b>465</b>	<b>579</b>



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	As at 31-03-2005	As at 31-03-2004
<b>SCHEDULE - 11</b>		
<b>LOANS &amp; ADVANCES :</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	595,952	663,394
Balance with Excise Authorities	10,395	20,649
<b>TOTAL</b>	<b>606,347</b>	<b>684,043</b>
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors		
- For Trade	110,844	130,702
- For Capital Goods	40,532	28,621
- For Expenses & Others	203,484	229,640
Advance from customers	17,695	43,099
Unclaimed dividends	248	250
Other liabilities	137,445	126,881
Trade Deposit Received	150,000	-
Interest accrued but not due	2,682	2,562
<b>TOTAL</b>	<b>662,930</b>	<b>561,755</b>
<b>SCHEDULE - 13</b>		
<b>PROVISIONS :</b>		
For Taxation (Net)	2,718	3,856
For Retirement Benefits etc.,	28,072	27,165
For Diminution in value of Investment	4	-
<b>TOTAL</b>	<b>30,794</b>	<b>31,021</b>



# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2005	For the year ended 31-03-2004
<b>SCHEDULE - 14</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	-	8
Deferred Revenue Expenditure	27,525	34,478
Less : Transferred to Profit & Loss account	6,881	6,958
<b>Total..</b>	<b>20,644</b>	<b>27,526</b>
<b>SCHEDULE - 15</b>		
<b>SALES</b>		
Distillery - IML	1,085,057	1,593,457
Glass	113,822	150,541
Brewery	1,913	80,282
Others	19,720	5,952
Paper	499	2,030
Systems	284,736	230,386
Foreign Exchange Fluctuation	2,447	306
<b>Total..</b>	<b>1,508,194</b>	<b>2,062,954</b>
<b>SCHEDULE - 16</b>		
<b>OTHER INCOME</b>		
Interest received (Gross)	3,715	4,164
(TDS Rs 738808 Previous Year Rs.836903)		
Dividend - Trade Investments	-	-
- Other Investments	31	184
Income from Services	3,632	4,093
Misc. Income	6,340	6,184
Profit on Sale investment	5,538	28,165
<b>Total..</b>	<b>19,256</b>	<b>42,790</b>



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2005	For the year ended 31-03-2004
<b>SCHEDULE - 17</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
<b>CLOSING STOCK:</b>		
Finished Goods	45,950	46,775
Semi-finished Goods	325,391	290,648
Work-in-progress	3,466	3,466
<b>Total.. {A}</b>	<b>374,807</b>	<b>340,889</b>
<b>OPENING STOCK:</b>		
Finished Goods	46,775	66,099
Semi-finished Goods	290,648	265,274
Work-in-progress	3,466	3,466
<b>Total.. {B}</b>	<b>340,889</b>	<b>334,839</b>
<b>Increase / (Decrease) in Stock (A - B)</b>	<b>33,918</b>	<b>6,050</b>
<b>SCHEDULE - 18</b>		
<b>CONSUMPTION OF RAW MATERIALS &amp; PURCHASE FOR RESALE</b>		
<b>OPENING STOCK</b>		
Distillery	88,039	97,445
Goods Purchased for Resale	3,770	2,830
Glass	15,549	14,649
Brewery	10,094	10,314
Timber	2,749	2,690
Paper	7,667	5,640
Timber Divn.	-	59
Systems	387	387
<b>Total.. {A}</b>	<b>128,255</b>	<b>134,014</b>
<b>ADD: PURCHASES</b>		
Distillery	277,745	321,624
Glass	81,619	87,204
Purchase for Resale	-	3,138
Brewery	1,709	28,836
Paper	-	3,615
Systems	-	5
<b>Total.. {B}</b>	<b>361,073</b>	<b>444,422</b>

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2005	For the year ended 31-03-2004
<b>LESS: CLOSING STOCK</b>		
Distillery	84,417	88,039
Glass	15,183	15,549
Brewery	1,082	10,094
Goods Purchased for Resale	2,528	3,770
Timber	2,749	2,690
Paper	6,698	7,667
Timber Divn.	-	59
Systems	387	387
<b>Total.. {C}</b>	<b>113,044</b>	<b>128,255</b>
<b>Consumption and purchase for resale (A+B-C)</b>	<b>376,284</b>	<b>450,181</b>

### SCHEDULE - 19

#### MANUFACTURING, ADMINISTRATIVE AND

#### SELLING EXPENSES :

Power, Fuel & Lighting Charges	67,194	68,798
Rent	13,673	16,537
Rates & Taxes	26,818	51,896
Call Centre Management Charges	-	2,353
Insurance	4,373	4,694
Royalty	-	13,421
Repairs & Maintenance :		
- Electrical	1,218	1,336
- Plant & Machinery	3,840	11,314
- Buildings	648	1,620
- Vehicles	13,078	24,119
- Others	3,128	4,289
Freight, Octroi & Storage Exps	24,729	36,106
Demurrage	-	240
Excise Establishment Charges	1,714	1,830
Lease Rent	14,606	29,410
Travelling & Conveyance	35,802	32,729



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2005	For the year ended 31-03-2004
Printing & Stationery	3,532	4,026
Postage, Telephone & Telegram	39,663	40,501
Books & Periodicals	191	215
Security Service Charges	21,116	12,868
Legal & Professional Charges	19,446	20,473
Remuneration to Directors	-	1,500
Directors Sitting Fees	17	19
Auditors Remuneration		
- For Statutory Audit	300	300
Cost Audit Fees	16	16
Donation	583	733
Commission & Discount on Sales	26,437	1,271
Sales Promotion	7,929	53,715
Advertisement	3,686	6,039
Service Charges	669	3,717
Miscellaneous Expenses	11,019	9,426
Share of Loss in Partnership Firm	133	131
Exchange Variation	116	170
Loss on sale of Investment	-	8,854
Diminution in value of investment	4	-
Deferred revenue expenses written off	6,881	6,881
Preliminary Expenses Written off	-	8
<b>Total..</b>	<b>343,559</b>	<b>471,555</b>

### SCHEDULE - 20

#### PERSONNEL EXPENSES

Salaries, Wages, Gratuity, Bonus and leave encashment	178,407	143,991
Staff Welfare Expenses	12,756	13,714
Contribution to P.F. and Other Funds	10,222	9,395
<b>Total..</b>	<b>201,385</b>	<b>167,100</b>

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2005	For the year ended 31-03-2004
<b>SCHEDULE - 21</b>		
<b>INTEREST &amp; BANK CHARGES :</b>		
<b>INTEREST</b>		
On Debentures	10,541	8,637
On Term Loan	55,003	76,233
On Others	109,977	107,384
<b>BANK CHARGES</b>	<b>5,467</b>	<b>6,069</b>
<b>TOTAL</b>	<b>180,988</b>	<b>198,323</b>

### SCHEDULE - 22

#### DEPRECIATION :

For the year	87,336	98,702
<b>Less: Transferred from Revaluation Reserve A/c</b>	<b>27,353</b>	<b>27,353</b>
<b>TOTAL</b>	<b>59,983</b>	<b>71,349</b>



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

#### P A R T I C U L A R S

#### 1. Significant Accounting Policies

##### (a) Accounting Convention

The Financial Statements have been prepared under the Historical Cost Convention. The Financial Statements materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

##### (b) Estimates and Assumptions

Preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the Balance Sheet and the reported amounts of income and expenses during the reporting period. Examples include bad debts written off, useful life of assets, etc. Actual results may differ from these estimates.

##### (c) Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties (net off CENVAT credit) and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs.

The cost of assets acquired under hire purchase is capitalised to the extent of the principal value.

##### (d) Capital Work-In-Progress

Advances paid towards the acquisition of fixed assets and the costs of assets under installation / construction / not put to use before the year-end are disclosed under Capital Work-in-progress.

##### (e) Deferred Revenue Expenditure

Deferred Revenue expenditure incurred up to 31<sup>st</sup> march 2003, is being written off over a period of its benefit. Similar expenditure incurred on or after 1<sup>st</sup> April 2003 can no longer be considered as an intangible asset, following the definition contained in Accounting Standard -26 on "Intangible Assets" issued by Institute of chartered Accountants of India and is being written off as current expenses.

##### (f) Depreciation

Depreciation has been provided on fixed assets except Oakwood Barrels at the rates mentioned in Schedule XIV to the Companies Act 1956, on written down value method in respect of certain assets and straight line method in respect of others. Depreciation on Oakwood barrels has been provided on written down value method @ 20% (based on technical evaluation). Depreciation is provided on pro-rata basis. On additions and deletions from the date the assets were put to use or up to the date of sale / transfer, as the case may be. However, assets costing Rs.5, 000/- and below are depreciated in full.

The depreciation charged to Profit and Loss account is net of depreciation on Revalued amounts being the recoupment from the Revaluation Reserve representing the difference between the depreciation for the year on the revalued amount of assets and depreciation calculated on their original cost.

##### (g) Foreign Currency Transactions

Foreign Currency Transactions are accounted at the exchange rate on the transaction date. Outstanding year-end balances are translated at the forward contract rates or year-end exchange rate, as applicable. Resultant difference together with gains / losses on settlement of transactions are taken to Profit and Loss Account except that exchange differences on long term liabilities utilized for acquisition of Fixed Assets adjusted to cost of related Fixed Assets.

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

#### PARTICULARS

**(h) Borrowing Cost**

Borrowing costs attributable to acquisition and construction of assets are capitalised as part of the cost of such asset up to the date when such asset is ready for its intended use. Borrowing costs that are attributable to 'Maturation stocks' has been considered for valuation of semi-finished goods, as these stocks require a substantial period of time to bring them to saleable condition. Other Borrowing Costs are treated as revenue expenditure.

**(i) Investments**

Current Investments are stated at lower of cost and fair value and Long-term Investments are stated at cost. Wherever applicable, provision is made where there is a permanent decline in the value of Long-term Investments.

**(j) Inventories**

(i) Raw Materials, Stores, Spares and Fuel are valued at cost.

(ii) *Work-in Progress:*

(a) Semi-Finished Goods are valued at cost and Work-in-Progress relating to contracts are valued at estimated net realisable value.

(b) Software under development is shown as Work-in-Progress and is valued at cost.

(iii) *Finished Goods:*

(a) Finished Goods are valued at lower of Cost or Net Realisable Value.

(b) Stocks of Traded Goods are valued at lower of cost or Realisable Value.

The cost is calculated on First-in First-Out Method and comprises of expenditure incurred in the normal course of business in bringing such inventories to its present location and includes the borrowing cost that are attributable to maturation stocks has been considered for valuation of semi- finished goods wherever applicable, appropriate overheads based on normal level of activity.

**(k) Sundry Debtors / Loans and Advances**

Sundry Debtors and Loans and Advances are stated after making adequate provisions for doubtful balances.

**(l) Revenue Recognition**

(i) Sales are recognised on accrual basis. Sales are net of returns and sales tax collected and tax collected at source are not included in sales. Sales include excise duty and additional excise duty.

(ii) Dividend on Investments is accounted in the year in which the right to receive is established.

(iii) *Contract Revenue:*

(a) Income from Software Development is recognised based on terms of specific contract.

(iv) Income from services are recognised in accordance with the terms of the contract.

**(m) Expenditure**

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.



**SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

**SCHEDULE - 23**

**PARTICULARS**

**(n) Leases**

- (i) Finance lease payments are apportioned between Finance Charges and reduction of lease liability as per the relevant agreements.
- (ii) Operating Lease payments are recognised in the Profit and Loss Account over the lease term.

**(o) Income Tax**

Provision for taxation includes current tax and deferred tax.

- (i) Provision for current tax is made based on the tax liability computed after considering tax allowances and exemptions.
- (ii) Deferred tax liability is recognized for timing differences between the profit as per financial statements and profit offered for income tax purposes, using current tax rates.
- (iii) Deferred tax assets are recognized on brought forward business losses and unabsorbed depreciation only to the extent that there is virtual certainty supported by convincing evidence and to the extent that there is reasonable certainty of their realization.
- (iv) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date.

**(p) Retirement Benefits**

- (i) Provision for Gratuity is made in accordance with the Payment of Gratuity Act, 1972.
- (ii) Employees Leave Encashment Benefit on Retirement is accounted on accrual basis.
- (iii) Retirement benefits in the form of Provident Fund, Superannuation / Pension schemes in pursuance of any law for the time being in force is accounted for on accrual basis and charged to the Profit and Loss Account of the year.

**(q) Contingent Liabilities**

All the liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the notes to the accounts.

**(r) Prior Year Adjustments**

Income / Expenditure are disclosed in Prior Year Adjustments only when the value exceeds Rupees One Lakh in each case.

**(s) Inter-Division Transfers**

Inter-division transfers of goods, as independent marketable products produced by separate divisions are included in the respective heads of account to reflect the true working of the respective divisions.

**(t) Excise Duty**

Excise duties recovered are included in the sale of products. Excise duty paid on despatches and in respect of finished goods lying at factory premises and depots are shown separately as an item of excise duty and import fee in the Profit and Loss account and included in the valuation of Finished Goods.

**(u) Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment Loss is charged to profit and loss account in the year in which an assets is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.



# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

PARTICULARS	2004 - 2005	2003 - 2004
<b>2. Earnings Per Share</b>		
Profit after Taxation as per Profit and [Loss] Account	(48,582)	39,285
Total Number of Shares (A)	3,75,91,237	3,76,12,142
Earnings per Share – Basic (in Rs.) [PAT/(A)]	(1.29)	1.04
Earnings per Share – Diluted (in Rs.) [PAT/(A)]	(1.29)	1.04
Face Value per Share (in Rs.)	10.00	10.00
<b>3. Leases</b>		
The Company has taken certain assets on operating lease. The amount of further minimal lease payments are stated below:		
Less than 1 year	3,150	5,210
Later than 1 year & not later than 5 years	Nil	Nil
Later than 5 years	Nil	Nil
<b>5. Deferred Tax - Net</b>		
<b><u>Deferred Tax Liabilities:</u></b>		
On depreciation Differences	6,031	9,248
On deferred Revenue Expenditure	6,949	9,875
On others	4,235	5,809
<b>TOTAL [A]</b>	<b>17,215</b>	<b>24,932</b>
<b><u>Deferred Tax Assets:</u></b>		
On provision for Entry Tax / Sales Tax	1,239	944
On Employees Benefits	13,145	9,531
On unabsorbed tax losses and depreciation	25,801	-
On others	693	7,579
<b>TOTAL [B]</b>	<b>40,878</b>	<b>18,054</b>
<b>Net Deferred Tax Liabilities / [Assets] [A] - [B]</b>	<b>*(23,663)</b>	<b>6,878</b>

\* To comply with the Accounting Standard -22 "Accounting for Taxes on Income" the company reviewed the deferred tax assets and liabilities. The timing difference relates mainly to depreciation and carry forward losses for the period up to 31<sup>st</sup> March 2005 resulting in a net deferred tax asset. As a prudence measure, this net deferred tax asset has not been recognized in the books of accounts.



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

#### PARTICULARS

#### 5. Segment Reporting

The Company has Considered Business Segment as reporting segment and accordingly identified Liquor, Glass, and systems as Business Segments. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identified to each of the segments and amounts allocated on a reasonable basis.

Inter Segment Transfer Pricing Policy – Broken Glass Pieces supplied to Glass, Glass supplied to Liquor are based on market price.

#### BUSINESS SEGMENT

#### [A] PRIMARY INFORMATION

[Rupees in Thousands]

PARTICULARS	2004 - 2005			2003 - 2004		
	External	Inter-Segment	TOTAL	External	Inter-Segment	TOTAL
<b>SEGMENT REVENUE</b>						
Liquor	10,86,970	-	10,86,970	1,679,691	-	1,679,691
Glass	49,773	64,049	1,13,822	64,389	86,152	150,541
Systems	2,87,183	-	2,87,183	230,692	-	230,692
Others	20,219	-	20,219	2,030	-	2,030
<b>TOTAL</b>	<b>14,44,145</b>	<b>64,049</b>	<b>15,08,194</b>	<b>1,976,802</b>	<b>86,152</b>	<b>20,62,954</b>
<b>SEGMENT RESULTS</b>						
Liquor			(34,425)			53,603
Glass			(50,286)			(32,779)
Systems			27,959			26,885
Others			(7,526)			(28,980)
<b>TOTAL</b>			<b>(64,278)</b>			<b>18,729</b>
<b>Unallocated Expenses</b>			<b>(467)</b>			<b>(10,804)</b>
<b>Operating profit</b>			<b>(64,745)</b>			<b>7,925</b>

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

PARTICULARS	2004 - 2005	2003 - 2004
<b>PRIMARY INFORMATION (Continued...)</b>		
<b>INTEREST INCOME</b>		
Liquor	3,659	4,258
Systems	55	-
Others	2	90
<b>TOTAL</b>	<b>3,716</b>	<b>4,348</b>
<b>PROFIT ON SALE OF INVESTMENT</b>		
Liquor	5,569	28,165
<b>TOTAL</b>	<b>5,569</b>	<b>28,165</b>
<b>INCOME TAX</b>		
Current Tax	-	(4,600)
Deferred Tax	6,878	3,447
<b>TOTAL</b>	<b>6,878</b>	<b>(1,153)</b>
<b>PROFIT AFTER TAX</b>	<b>(48,582)</b>	<b>39,285</b>

### [B] OTHER INFORMATION

	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
<b>SEGMENTS</b>				
Liquor	11,54,079	14,32,723	13,01,357	15,87,243
Glass	3,52,031	69,873	7,92,80	84,482
Systems	4,28,517	1,79,458	4,36,831	160,335
Others	67,175	21,800	73,895	41,294
<b>TOTAL</b>	<b>20,01,802</b>	<b>17,03,854</b>	<b>18,91,363</b>	<b>1,873,354</b>



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

PARTICULARS	2004 - 2005		2003 - 2004	
	Capital Expenditure	Depreciation	Capital Expenditure	Depreciation
<b>SEGMENTS</b>				
Liquor	3,196	20,470	9,028	21,971
Glass	604	8,950	631	12,450
Systems	1,00,944	29,114	1,89,224	35,226
Others	-	1,449	-	1,701
<b>TOTAL</b>	<b>1,04,744</b>	<b>59,983</b>	<b>198,883</b>	<b>71,348</b>
<b>Total Assets Exclude</b>				
<b>INVESTMENTS</b>				
Liquor		6,23,974		625,819
Others		21		21
<b>TOTAL</b>		<b>6,23,995</b>		<b>625,840</b>
<b>FIXED DEPOSITS WITH BANK</b>				
Liquor		8,990		25,229
Glass		32		32
Systems		55		1,192
Others		175		168
<b>TOTAL</b>		<b>9,252</b>		<b>26,621</b>
<b>OTHER LOANS &amp; ADVANCES</b>				
Liquor		6,06,402		664,918
<b>TOTAL</b>		<b>6,06,402</b>		<b>664,918</b>

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

PARTICULARS	2004 - 2005	2003 - 2004
<b>Total Liability Excludes</b>		
Provision For Taxation	2,718	3,884
Deferred tax Liability – Net	-	6,878
<b>TOTAL</b>	<b>2,718</b>	<b>10,762</b>

### GEOGRAPHICAL SEGMENT

Secondary segmental reporting is performed on the basis of the geographical location of the customers. The operations of the company comprise of export sales and indigenous sales. The company operates in two geographical areas namely India and Outside India. The operations of the group comprise revenue from the Outside India segment contributing to 19.08% of the total segmental revenue.

(Rupees in Thousands)

<b>Segment Revenue</b>		
India	12,11,896	18,32,262
Outside India	2,85,805	2,30,692
<b>TOTAL</b>	<b>14,97,701</b>	<b>20,62,954</b>
<b>Segment Assets</b>		
India	17,09,898	18,83,640
Outside India	-	-
<b>TOTAL</b>	<b>17,09,898</b>	<b>18,83,640</b>
<b>Capital Expenditure</b>		
India	1,04,744	1,98,883
Outside India	-	-
<b>TOTAL</b>	<b>1,04,744</b>	<b>1,98,883</b>



**SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

**SCHEDULE - 23**

**PARTICULARS**

**1. Related Party Disclosure as per Accounting Standard - 18**

(i) The list of related parties as identified by the management are as under

**(a) Associates**

Acqua Borewell Private Limited  
Elkay Distilleries Private Limited  
Elkay Pharmaceutical Private Limited  
Elkay Steels Co Limited  
Elkay Trading Corporation Private Limited  
Five Brothers Marketing Private Limited  
Forest Resort (Bandipur) Limited  
Gayathri Foundation  
Gayathri Holding Private Limited  
Habib Distilleries Private Limited  
Honeywell Business Private Limited  
Himalaya Distilleries Limited  
Hercules Construction Private Limited  
Haryana Distilleries Limited  
Ingo Property Developers Private Limited  
Jaypee Shoes Private Limited  
Kanakapura Tradings Private Limited  
Khoday Control Systems Private Limited  
Khoday Hotels Private Limited  
Khoday International Ltd  
Khoday Industries (Hyderabad) Private Limited  
Khoday Industries (Kottayam) Private Limited  
Khoday Industries (Ropar) Private Limited  
Khoday Industries (Kuppam) Private Limited  
Khoday Industries Private Limited  
Khoday Powergen India Limited  
Khoday Times Private Limited  
Khoday's Breweries Limited  
Khoday's Technologies Limited  
L.K. Power Corporation Limited  
L.K. Trust

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

#### PARTICULARS

Narmada Distilleries Private Limited  
North India Distilleries Private Limited  
Solar Cells Private Limited  
Soverign Con. Land Development Private Limited  
Spring Borewell Private Limited  
Surya Sugar Limited  
Surya Watch Industries Limited  
The Distillers Company Private Limited  
Trishul Wineries and Distilleries Private Limited  
United Glass Bottle Manufacturing Co Limited  
Universal Business Concepts Private Limited  
Vaishnavi Communications Private Limited  
Wescopower Generation Limited  
Winrocs Limited

#### (b) Key Management Personnel of the Company

Sri K.L. Ramachandra	-	Non-Executive Chairman
Sri K.L. Srihari	-	Managing Director
Sri K.L.A. Padmanabhasa	-	Joint Managing Director
Sri K.L. Swamy	-	Executive Director

#### (c) Relatives of Key Management Personnel

Sri K.L. Ramachandra (HUF)  
Sri K.L. Srihari (HUF)  
Sri K.L.A. Padmanabhasa (HUF)  
Sri K.L. Swamy (HUF)  
Sri K.L. Narayansa  
Smt. Rajalakshmi Srihari  
Smt. Gulab P Khoday  
Smt. Lalitha Swamy Khoday  
Smt. Padma N Khoday

#### (d) Significant Influence

Bangalore Leather Garments  
Bangalore Personal Care  
Elkay Farm



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

PARTICULARS	2004 - 2005	2003 - 2004
General Mining & Minerals		
Hoodi Brick Works		
K.Lakshmansa & Co.,		
Khoday Ayurvedic Specialities		
Khoday Brothers		
Khoday Enterprises		
Khoday Eswarsa & Sons		
Khoday Fashions		
Khoday Herbal Care		
Khoday Laboratories		
Khoday Oil		
Khoday Overseas Corporation		
Khoday Pustak Bhandar		
Khoday Sanchar Nigam		
Lakshmi Estate		
Murugan Enterprises		
Nithyananda Enterprises		
Ransh Coffee Estate		
Sree Gurunath Panels		
Tiruvonam Wines,		
Universal Trading Company		
VEL Beedies		
Vindhya Distilleries		
Yajaman Enterprises		

(ii) The following transactions were carried out with the related parties:

#### (a) Associates

1.	Purchase of Goods/Services	<b>25,610</b>	37,734
2.	Sale of Goods/Services	<b>18,788</b>	25,049
3.	Leasing Arrangements	<b>10,918</b>	26,768
4.	License Agreement – Royalty	<b>101</b>	81
5.	Balance outstanding (Net) as at 31st March 2005 (Dr)	<b>1,43,632</b>	2,42,472
6.	Guarantee & Collateral obtained from*	<b>46,09,55</b>	11,17,555

- Includes personal guarantee obtained from significant Influence and Key managerial personnel and their relatives.



# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

Sl.No.	PARTICULARS	2004 - 2005	2003 - 2004
<b>(b) Key Management Personnel</b>			
1.	Sale of Goods/Services	-	49
2.	Remuneration	-	15,00
3.	Royalty Received	8	-
4.	Balance outstanding as at 31 March 2005 (Cr)	11,129	7,183
<b>(c) Relatives of Key Management Personnel</b>			
1.	Rent	1080	1080
2.	Interest Paid	3,443	7,604
3.	Balance outstanding as at 31 March 2005 (Cr)	38,514	62,296
<b>(d) Significant Influence</b>			
1.	Purchase of Goods/Services	-	1,901
2.	Sale of Goods/Services	1,419	2,792
3.	Leasing Arrangements	5,000	5,000
4.	Interest Paid	3,585	-
5.	Investment in Partnership Firms	6,21,757	6,21,890
6.	Balance outstanding (Net) as at 31 March 2005 (Dr)	3,43,960	2,95,114
<b>7. Contingent Liabilities</b>			
1.	Claims against the company not acknowledged as debts	11324	31,644
2.	(i) Disputed Sales Tax not provided	33,503	1,57,293
	(ii) Disputed Income Tax not provided	43,368	41,957
3.	Guarantees/Counter-guarantees given to Banks/ Financial Institutions / Government Departments	16,900	25,140
<b>8. Capital Commitments</b>			
	Estimated Value of contracts remaining to be executed on Capital Account to the extent not provided in the accounts.	-	25,032



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

Sl.No.	PARTICULARS	2004-2005	2003-2004
9.	Confirmation of balances for Non- Convertible Debenture, Secured loan from financial institutions, sundry debtors, sundry creditors, advance received and loans and advances are awaited. Balances in the accounts of Non- Convertible Debenture, Secured loan from financial institutions, debtors, creditors and loans and advances require to be reconciled. However in the opinion of the Management, all current assets, loans and advances including advances on capital account would realize, in the normal course of business, the value stated in the balance sheet.		
10.	<b>Advances Include:</b>		
1.	Due from companies under the same management:		
	Acqua Borewells Private Limited	-	178
	Elkay Distilleries Private Limited	-	1
	Gayathri Holdings Private Limited	-	3,254
	Spring Borewells Co. Private Limited	-	38
	The Distilleries Company Private Limited	-	7,812
	Kanakapura Trading & Investment Pvt Ltd	1	-
	Ram Mohan & Co Private Limited.	<b>4,541</b>	3,401
	(Maximum Amount Outstanding at any time during the year Rs.4542 Thousands previous Year Rs 16457 Thousands)		
2.	Due from private companies in which any Director is a director or a member	-	3,375
3.	Due from Firms in which any Director is a partner	<b>1,01,66</b>	72,224
11.	<b>Sundry Debtors include:</b>		
1.	Due from companies under the same management:		
	Elkay Tradings Corporation Private Limited	-	7
	Khoday Hotels Private Limited	<b>96</b>	178
	Khoday Industries Private Limited	-	1,041
	North India Distilleries Private Limited	<b>547</b>	547
	Tiger Breweries Limited	<b>25</b>	-
	(Maximum Amount Outstanding at any time during the year Rs. 665 thousands previous year 1773 thousands)		
2.	Due from private companies in which any Director is a director or a member	<b>8,915</b>	9,736
3.	Due from Firms in which any Director is a partner	<b>4,984</b>	7,075

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

PARTICULARS		2004-2005		2003-2004	
<b>13. Sales Turnover:</b>					
	<b>Unit</b>	<b>Qty</b>	<b>Value</b>	<b>Qty</b>	<b>Value</b>
Distillery – IML	B.L	33,05,146.035	<b>5,94,385</b>	51,08,480.130	8,55,425
Brewery – BEER	B.L	11,00,509.28	<b>1,913</b>	21,74,692.88	80,282
Glass	M.T	9,066.74	<b>1,13,822</b>	11,872.040	1,50,541
Paper	M.T	25.24	<b>499</b>	79.1007	2,030
RCA - IML	B.L	27,02,500.50	<b>4,90,672</b>	43,94,245.30	7,38,032
Others			<b>19,720</b>		5,952
<b>Total Sales</b>			<b>12,21,011</b>		<b>18,32,262</b>
Less: Excise Duty			<b>4,54,629</b>		7,12,848
<b>Net Sales</b>			<b>7,66,382</b>		<b>11,19,414</b>
<b>Service Income</b>	-	-	<b>2,87,183</b>	-	<b>2,30,692</b>
<b>Total Income</b>	-	-	<b>10,53,565</b>	-	<b>13,50,106</b>

### 13. Particulars of Materials Consumed:

#### (a) Distillery

Barley Malt	Kgs	10,17,678.90	<b>16,641</b>	8,95,196	11,443
Rectified Spirit	Lts	31,57,659.00	<b>57,962</b>	37,79,591	22,582
Molasses	M.T	-	-	5,999	14,312
Empty Glass Bottles	Nos.	61,98,332.00	<b>35,117</b>	95,36,870	52,597
Cartons	Nos.	51,58,313	<b>32,433</b>	21,34,102	42,352
Others		-	<b>25,835</b>	-	38,716
			<b>1,67,988</b>		<b>1,82,002</b>

#### (b) Glass

Soda Ash	M.T	940.916	<b>10,226</b>	1,285.203	14,555
Cullets	M.T	54,21.606	<b>12,560</b>	6,300.742	12,645
Silica/Quartz Sand	M.T	3232.860	<b>3,193</b>	4,075.486	4,269
Others			<b>56,006</b>		54,835
			<b>81,985</b>		<b>86,304</b>

#### (c) Brewery

Malt	Kgs	66,165	<b>918</b>	3,41,568	5,478
Hops/Hops Pellets	Kgs	169	<b>55</b>	1,162	320
Sugar	Kgs	3,600	<b>58</b>	72,200	1,012
Empty Glass Bottles	Nos	3,90,232	<b>1,366</b>	34,44,706	13,792
Cartons	Nos	1,62,616	<b>1,151</b>	4,64,845	2,422
Others			<b>7,173</b>	-	6,032
			<b>10,721</b>		<b>29,056</b>



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

PARTICULARS			2004-2005		2003-2004	
	Unit	Qty	Value	Qty	Value	
<b>(d) Paper</b>						
Waste Paper	MT	-	-	96.20	1,365	
Others			<u>970</u>		<u>222</u>	
			<u>970</u>		<u>1,587</u>	
<b>(e) RCA</b>						
Rectified Spirit	Lts	14,72,950	50,150	23,51,740	63,750	
Empty Glass Bottles	Nos	<u>1,28,08,328</u>	32,583	18,906,785	46,372	
Cartons	Nos	3,18,354	6,165	5,03,326	9,830	
Others			<u>24,480</u>		<u>29,077</u>	
			<u>1,13,378</u>		<u>1,49,029</u>	
<b>(f) Systems</b>						
PCB	Nos		-	-	5	
			-	-	<u>5</u>	
<b>14. Purchase of goods for Resale:</b>						
Distillery – IML	B.L	3211.500	1,242	4,980	2,198	
			<u>1242</u>		<u>2,198</u>	
<b>Total Consumption &amp; Purchase for Resale</b>			<u><u>3,76,284</u></u>		<u><u>4,50,181</u></u>	
<b>15. Inventory – Finished Goods:</b>						
<b>Opening Stock</b>						
Distillery – IML	B.L	2,66,601.755	31,480	4,58,549.520	45,120	
Brewery – BEER	B.L	42,075.440	1,075	44,454.120	845	
Glass	M.T	895.065	11,218	1255.795	15,902	
Paper	M.T	53.32	1,284	82.042	1,938	
RCA – IML	B.L	27,569.500	1,020	23,347.800	1,596	
Systems			<u>698</u>		<u>698</u>	
			<u>46,775</u>		<u>66,099</u>	

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

PARTICULARS	2004-2005		2003-2004		
	Unit	Qty	Value	Qty	Value
<b>Closing Stock</b>					
Distillery – IML	B.L	2,35,335.870	25,184	2,66,601.755	31,480
Brewery – BEER	B.L			42,075.40	1,075
Glass	M.T	894.509	12,145	895.065	11,218
Paper	M.T	28.0766	881	53.32	1,284
RCA – IML	B.L	72,918	7,042	27,569.500	1,020
Systems			698		698
			<b>45,950</b>		<b>46,775</b>

### 16. Licenced & Installed Capacity:

#### Licenced Capacity

Distillery	N.A.	N.A.
Brewery	N.A.	N.A.
Glass	18000 M.T	18000 M.T
Paper	10000 M.T	10000 M.T
R C A	N.A.	N.A.
Systems	N.A.	N.A.

#### Installed Capacity

[Installed capacities are as certified by the Management and not verified by the Auditor, being a technical matter]

Distillery	63000 K.Lts	63000 K.Lts
Brewery	N.A.	N.A.
Glass	18000 M.T	18000 M.T
Paper	1000 M.T	1000 M.T
R C A	N.A.	N.A.
System	N.A.	N.A.

### 17. Production:

PARTICULARS	UNIT	QUANTITY	QUANTITY
Distillery	B.L	32,76,633.78	49,22,006.76
Less: Breakages	B.L	(5,965.130)	(10,454.40)
Brewery	B.L	10,58,432.76	21,72,314.16
Glass	M.T	9,066.188	11511.310
Paper	M.T	-	50.415
R C A – IML	B.L	27,47,849.400	43,98,467.00



## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

[Rupees in Thousands]

PARTICULARS	2004-2005		2003-2004	
<b>18. CIF Value of Imports:</b>	<b>Value</b>		<b>Value</b>	
Raw Materials	9,190		8,042	
Capital Goods	1,241		1,599	
<b>19. Consumption of Imported and Indigenous Materials &amp; Components:</b>				
Imported	2.44%	9,190	1.18%	5,304
Indigenous	97.56%	3,67,094	98.82%	4,44,877
<b>20. Expenditure in Foreign Currency</b>				
For Travel		1,242		2,573
Technical Fees		-		2,455
Communication charges		13,270		13,914
Others		56		340
<b>21. Earnings in Foreign Currency</b>				
FOB Value of Exports		2,85,804		2,32,018
Reimbursement of Expenses		136		708
<b>22. Payments made or provided for Directors</b>				
Directors' sitting fees		17		19
Managerial Remuneration		*-		1,500
* The Managerial Personnel have been waived their commission and remuneration due to inadequacy of profit.				
<b>23. Investment in Lakshmi Estate</b>				
<b>Name of the Partners</b>	<b>Total Capital</b>	<b>Share of Partners</b>	<b>Total Capital</b>	<b>Share of Partners</b>
Khoday India Limited	6,21,757	75.00%	6,21,890	75.00%
K.L. Ramachandra – HUF	51,039	6.25%	51,824	6.25%
K.L. Srihari – HUF	51,038	6.25%	51,824	6.25%
K.L.A.Padmanabhasa – HUF	51,038	6.25%	51,824	6.25%
K.L. Swamy – HUF	51,038	6.25%	51,824	6.25%
<b>TOTAL</b>	<b>8,25,910</b>	<b>100.00%</b>	<b>8,29,186</b>	<b>100.00%</b>

# KHODAY INDIA LIMITED

---

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE - 23

---

#### PARTICULARS

---

24. Deferred Revenue expenditure incurred on or after 1<sup>st</sup> April 2003 can no longer be considered as an intangible asset, following the definition contained in AS-26 is being written off as current expenses. However, Deferred Revenue Expenses incurred up to 31<sup>st</sup> March 2003 shall continue to be amortized over a period of five years.
  25. Loans and Advances include Rs.4, 33,800 thousands towards Lease Deposit.
  26. Building under fixed assets includes a building having WDV of Rs. 17,224 thousands owned by the company where, the title is under dispute. State Bank of Travancore claims that the building has been given to them by the previous owners, as a security and hence, sale to the company is void. Pending disposal of this case, the company continues to show the building under the fixed assets.
  27. Fixed Deposit Receipts for Rs.8739 thousands have been lodged with the Banks towards margin money for guarantee.
  28. As information relating to small-scale units having business relations with the company is not readily available, such information is not furnished.
  29. In respect of the bottling arrangement entered into by the company, there are claims and counter claims amounting to Rs 7,828 thousands. No entry has been passed in the books pending settlement of such claims. The same will be made as and when the claims are settled.
  30. Previous year figures have been re- grouped \ re-arranged wherever necessary to confirm to the current years presentation
- 

**K. L. RAMACHANDRA**  
Chairman

**K. L. SRIHARI**  
Vice - Chairman &  
Managing Director

As per my report of even date

Place: Bangalore  
Date : 30-11-2005

**M.S. MAYYA**  
Company Secretary

**S. SUKUMAR**  
Chartered Accountant  
Membership No. 19882



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

[Rupees in Thousands]

PARTICULARS	2004-2005	2003-2004
<b>A. Cash flow from Operating Activities</b>		
<b>Net Profit/(Loss) before Tax</b>	<b>(55,460)</b>	<b>40,438</b>
<b>Adjustments for :</b>		
Depreciation	59,983	71,349
Profit on Sale of Investments	(5,538)	(28,165)
Loss on Sale of Investments	-	8,854
Interest Income	(3,716)	(4,164)
Dividend Income	(31)	(184)
Interest & Bank Charges	180,988	198,323
Deffered Revenue Expenditure Written off	6,881	6,950
Preliminary expenses written off	-	8
Diminution in value of Investment	4	-
Loss from Lakshmi Estate (Partnership Firm)	133	131
<b>Operating Profit before Working Capital Changes</b>	<b>183,244</b>	<b>293,540</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Sundry Debtors	102,110	(41,544)
(Increase)/Decrease in Inventories	(18,550)	(800)
(Increase)/Decrease in Loans & Advances	77,696	(30,482)
(Increase)/Decrease in Other Current Assets	114	10
Increase/(Decrease ) in Other Current Liabilities	102,085	42,585
<b>Cash Generated from Operating Activities</b>	<b>446,699</b>	<b>263,310</b>
Direct Taxes Paid	(1,138)	(1,234)
Prior Year Adjustments	(550)	-
<b>Net Cash from/(Used in) Operating Activities</b>	<b>445,011</b>	<b>262,076</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assests	(27,900)	(203,948)
Purchase of Investments	-	(70,294)
Sale of Investments	7,250	91,990
Interest Income	3,716	4,164
Dividend Income	31	184



# KHODAY INDIA LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

[Rupees in Thousands]

PARTICULARS	2004-2005	2003-2004
<b>Net Cash from / (Used in) Investing Activities</b>	<b>(16,903)</b>	<b>(177,905)</b>
<b>C Cash flow from Financial Activities</b>		
Buy back of Shares	-	(1,328)
Proceeds from Long Term Borrowings	-	183,799
Repayment of Long Term Borrowings	(271,282)	(63,340)
Dividend Payment relating to earlier years	(1)	(1)
Interest & Bank Charges	(180,988)	(198,323)
<b>Net Cash flow from/(Used in) Financing Activities</b>	<b>(452,271)</b>	<b>(79,193)</b>
<b>Net Cash Flows during the year {A+B+C}</b>	<b>(24,163)</b>	<b>4,978</b>
<b>Cash &amp; Cash Equivalents(Opening Balance)</b>	<b>54,011</b>	<b>49,033</b>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>29,848</b>	<b>54,011</b>

### Notes:

1. Cash Flow statement has been prepared under the Indirect method as set out in Accounting standard-3 on "Cash Flow Statement issued by the Institute of Chartered Accountants of India
2. Figures in brackets indicate cash outgo
3. Previous Year's figures have been re-grouped/re-arranged wherever necessary to confirm to the current Year's Presentation.



**BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No. : 

0	0	0	1	5	9	0
---	---	---	---	---	---	---

 State Code : 

0	8
---	---

Balance Sheet Date

Date	Month	Year								
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>1</td></tr></table>	3	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>3</td></tr></table>	0	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>0</td><td>0</td><td>5</td></tr></table>	2	0	0	5
3	1									
0	3									
2	0	0	5							

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs.thousands)

Public Issue

		N	I	L		
--	--	---	---	---	--	--

Rights Issue

		N	I	L		
--	--	---	---	---	--	--

Bonus Issue

		N	I	L		
--	--	---	---	---	--	--

Private Placement

		N	I	L		
--	--	---	---	---	--	--

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.thousands)

Total Liabilities

2	2	8	7	3	2	2
---	---	---	---	---	---	---

Total Assets

2	2	8	7	3	2	2
---	---	---	---	---	---	---

A. Sources of Funds

Paid-up Capital

	3	7	5	9	1	2
--	---	---	---	---	---	---

Reserves & Surplus

	8	9	8	2	5	7
--	---	---	---	---	---	---

Secured Loans

	9	3	2	7	5	3
--	---	---	---	---	---	---

Unsecured Loans

		8	0	4	0	0
--	--	---	---	---	---	---

Deferred Tax

		N	I	L		
--	--	---	---	---	--	--

B. Application of Funds

Net fixed Assets

	6	5	6	2	6	4
--	---	---	---	---	---	---

Capital Work In Progress

	2	3	9	8	4	3
--	---	---	---	---	---	---

Investments

	6	2	3	9	9	4
--	---	---	---	---	---	---

Net Current Assets

	7	4	6	5	7	7
--	---	---	---	---	---	---

Miscellaneous Expenditure

		2	0	6	4	4
--	--	---	---	---	---	---

Accumulated Losses

		N	I	L		
--	--	---	---	---	--	--

# KHODAY INDIA LIMITED

## IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover

1	5	0	8	1	9	4
---	---	---	---	---	---	---

Loss Before Tax

		5	5	4	6	0
--	--	---	---	---	---	---

Earning Per Share (Rs. Ps.)  
(Basic)

		(1	.	2	9)
--	--	----	---	---	----

Earning Per Share (Rs. Ps.)  
(Diluted)

		(1	.	2	9)
--	--	----	---	---	----

Total Expenditure

1	1	6	2	1	9	9
---	---	---	---	---	---	---

Loss After Tax

		4	8	5	8	2
--	--	---	---	---	---	---

Dividend Rate %

		N	I	L		
--	--	---	---	---	--	--

## V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES

Product Discription

Item code No. (ITC Code)

I M L

2	2	0	8	2	0	.	0	2
---	---	---	---	---	---	---	---	---

B E E R

2	2	0	3	0	0	.	0	0
---	---	---	---	---	---	---	---	---

P A P E R

(Uncoated Paper & Paper Boards)

4	8	0	2					
---	---	---	---	--	--	--	--	--

**K.L.RAMACHANDRA**  
Chairman

**K.L. SRIHARI**  
Vice-Chairman &  
Managing Director

Place: Bangalore  
Date : 30-11-2005

**M.S. MAYYA**  
Company Secretary



# KHODAY INDIA LIMITED

Regd. Off. : 54, Kannayakana Agrahara, Anjanapura Post,  
Bangalore - 560 062.

Name & address of the Share holder / proxy

## Attendance slip

**Thirty Ninth  
Annual General Meeting**  
23rd Dec. 2005 at 12.00 noon  
Shravanthi Kalyana Mantapa,  
Kanakapura Road  
Bangalore - 560 062

Folio No.	
Client ID No.	
DP ID No.	
No. of shares	
Signature of Member / proxy	



# KHODAY INDIA LIMITED

Regd. Off. : 54, Kannayakana Agrahara, Anjanapura Post,  
Bangalore - 560 062.

## Proxy Form

<b>Proxy Form</b>	Folio No.	
	Client ID No.	
Proxy No.	DP ID No.	
Date of Receipt	No. of Shares	

I/We  
of.....in the district of.....being a  
member / members of Khoday India Limited hereby appoint.....  
of.....in the district of.....or failing him  
.....of.....in the district of.....as  
my / our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at  
Shravanthi Kalyana Mantapa, Kanakapura Road, Bangalore - 560 062 on Friday the 23rd Dec. 2005  
at 12-00 p.m. and at any adjournment thereof.

Date :

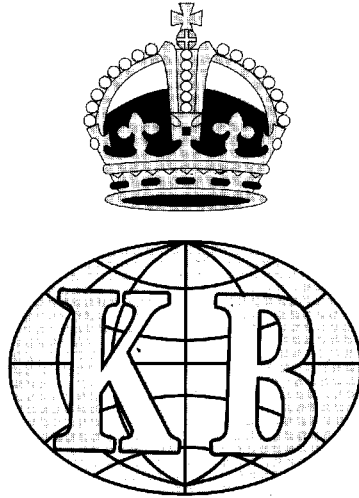
Affix Re. 1-00  
Revenue Stamp

Signature of member

The Proxy form duly completed must reach the  
Registered Office atleast 48 hours before the  
commencement of the meeting.

Shareholders may kindly note that no gift will be given at the meeting

Book Post



**If Undelivered Please Return to:**  
**KHODAY INDIA LIMITED**  
**“Brewery House”**  
**7th Mile, Kanakapura Road,**  
**Bangalore - 560 062.**