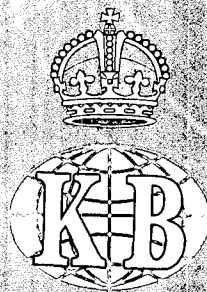


FORTY SECOND  
ANNUAL REPORT  
2007 - 2008



KHODAY INDIA LIMITED



**BOARD OF DIRECTORS**

<b>CHAIRMAN</b>	Mr. K.L. RAMACHANDRA
<b>VICE CHAIRMAN &amp; MANAGING DIRECTOR</b>	Mr. K.L. SRIHARI
<b>JOINT MANAGING DIRECTOR</b>	Mr. K.L.A. PADMANABHASA
<b>EXECUTIVE DIRECTOR</b>	Mr. K.L. SWAMY
<b>DIRECTOR</b>	Mr. K.S. GIRIDHAR
<b>DIRECTOR</b>	Prof. L.R. VAGALE
<b>DIRECTOR</b>	Major Gen. (Retd.) M.K. PAUL
<b>DIRECTOR</b>	Mr. D.V. TIKEKAR
<b>DIRECTOR</b>	Mr. B.K. RATNAKAR RAO
<b>DIRECTOR</b>	Mr. SUDHAKAR SHETTY
<b>COMPANY SECRETARY</b>	Mr. R. VENKAT SUBRAMANYAN
<b>AUDITOR</b>	M/s. RANGARAJU & ASSOCIATES Chartered Accountants Bangalore
<b>BANKERS</b>	CANARA BANK PUNJAB NATIONAL BANK DHANALAKSHMI BANK INDUSTRIAL DEVELOPMENT BANK OF INDIA
<b>REGISTERED OFFICE</b>	"Brewery House" 7th Mile, Kanakapura Road Bangalore - 560 062 Ph : 080-22956569



## NOTICE

Notice is hereby given that the FORTY SECOND Annual General Meeting of KHODAY INDIA LIMITED, will be held on Tuesday, the 30<sup>th</sup> December 2008 at 10.30 a.m. at # 67, Hotel Vaishnavi Residency, Kanakapura Main Road, Bangalore-560 078, to transact the following business:

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31-3-2008 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Maj.Gen(Retd)M.K.Paul who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr.K.L.Ramachandra who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that M/s Rangaraju & Associates, Chartered Accountants, Bangalore be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as will be fixed by the Board of Directors.”

### 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 Mr. Khoday Swamy Giridhar who was appointed as an Additional Director under Article 30 of the Articles of Association of the Company and who holds office until this Annual General Meeting be and is hereby appointed as Director of the Company liable to retire by rotation.”

#### 6) ORDINARY RESOLUTION:

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

“RESOLVED that Mr. Bangra Kulur Ratnakar Rao, who was appointed as an Additional Director under Article 30 of the Articles of Association of the Company and who holds office until this Annual General Meeting be and is hereby appointed as Director of the Company liable to retire by rotation.”

#### 7) ORDINARY RESOLUTION:

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

“RESOLVED that Mr. Sudhakar Shetty, who was appointed as an Additional Director under Article 30 of the Articles of Association of the Company and who holds office until this Annual General Meeting be and is hereby appointed as Director of the Company liable to retire by rotation.”

# **KHODAY INDIA LIMITED**

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## **8) RESCISSION OF CERTAIN RESOLUTIONS:**

To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:

"RESOLVED that the Ordinary resolution passed at the 41<sup>st</sup> Annual General Meeting of the Members of the Company held on 17th December 2007, according consent to increase the Authorized Share Capital from Rs.45 Crores to Rs.100 Crores, be and the same is hereby rescinded.

RESOLVED FURTHER that the Special Resolution passed at the 41<sup>st</sup> Annual General Meeting of the Members of the Company held on 17th December 2007, according consent for deleting the then existing Clause V of the Memorandum of Association of the Company and by substituting new Clause V, consequent on increase in Company's Authorized Share Capital from Rs.45 Crores to Rs.100 Crores be and the same is hereby rescinded.

RESOLVED FURTHER that Clause V of the Memorandum of Association of the Company as it stood before its amendment vide Resolution dated 17th December 2007 be and the same is hereby re-instated.

RESOLVED FURTHER that the Special Resolution passed at the 41<sup>st</sup> Annual General Meeting of the Members of the Company held on 17th December 2007, according consent for deleting the then existing Article 3 of the Articles of Association of the Company and by substituting new Article 3, consequent on increase in Company's Authorized Share Capital from Rs.45 Crores to Rs.100 Crores be and the same is hereby rescinded.

RESOLVED FURTHER that Article 3 of the Articles of Association of the Company as it stood before its amendment vide Resolution dated 17th December 2007 be and the same is hereby re-instated."

## **9) MODIFICATION OF SPECIAL RESOLUTION DATED 17TH DECEMBER 2007 IN THE MATTER OF ISSUE OF FRESH SECURITIES**

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

"RESOLVED that in partial modification of Special Resolution passed at the 41<sup>st</sup> Annual General Meeting of the Members of the Company held on 17th December 2007, in the matter of Issue of Fresh Securities by the Company, the maximum amount up to which the fresh securities as stated in the said Resolution could be issued, be and the same is hereby reduced from the earlier limit of Rs.62 Crores to Rs.6.86 Crores (Rs.Six Crores and Eighty Six Lacs only) or its equivalent in foreign currency viz., US \$ and / or Euro at the rate of exchange prevailing on the specified date as may be fixed by the Board of Directors for the purpose.

RESOLVED FURTHER that the other terms and conditions as mentioned in the said Special Resolution dated 17th December 2007 be and shall remain unchanged."

By order of the Board  
**For Khoday India Limited**

Place: Bangalore  
Date : 1st December 2008

(R. Venkat Subramanyan)  
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 and Attendance Slip are enclosed. 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.
- C. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed herein.
- D. Members/Proxies are advised to bring their Attendance Slip along with their copy of the Annual Report to the Meeting. Members who hold shares in dematerialized form are requested to write their Client ID / DP ID Nos. and those who hold shares in Physical Form are requested to write their Folio No. in the Attendance Slip.
- E. In accordance with Article 37 (A) of the Articles of Association of the Company, Mr.K.L.Ramachandra & Maj.Gen(Retd.) M K Paul, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The particulars of these Directors as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges are provided in the Corporate Governance Report forming part of the Annual Report. The Board of Directors of the Company commend their respective re-appointment.
- F. *Members holding shares in physical mode under more than one folio are advised to have all such shares consolidated into a single folio by sending a request letter together with the original shares certificates in respect of such multiple folios, to the Company's Registrar M/s.Alpha Systems Private Limited, 30 "Ramana Residency, 4<sup>th</sup> Cross, Malleswaram, Bangalore – 560 003.***
- G. The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> December 2008 to 30<sup>th</sup> December 2008 (both days inclusive)

By order of the Board  
**For Khoday India Limited**

Place: Bangalore  
Date : 1<sup>st</sup> December 2008

(R. Venkat Subramanyan)  
Company Secretary

# **KHODAY INDIA LIMITED**

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

### **ITEM NOS: 5, 6 & 7:**

M/s Khoday Swamy Giridhar & Bangra Kulur Ratnakar Rao were appointed as Additional Directors at the meeting of the Board of Directors of the Company held on 15th February 2008, pursuant to Article 30 of the Articles of Association of the Company. Similarly, Mr.Sudhakar Shetty was also appointed as Additional Director on 31st October 2008. These three Additional Directors hold office only up to the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. M/s Khoday Swamy Giridhar, Bangra Kulur Ratnakar Rao & Sudhakar Shetty have expressed their willingness to continue in office and the Company has also received the notices under Section 257 of the Companies Act, 1956, from the members of the Company along with a deposit of Rs.500/- each proposing the candidatures of M/s Khoday Swamy Giridhar, Bangra Kulur Ratnakar Rao & Sudhakar Shetty for the office of Director.

Your Board recommends the adoption of resolutions for the appointment of M/s Khoday Swamy Giridhar, Bangra Kulur Ratnakar Rao & Sudhakar Shetty.

None of the Directors except Sri K.L. Ramachandra, K.L.Srihari, K.L.A.Padmanabhasa, K.L.Swamy & Khoday Swamy Giridhar is directly or indirectly concerned or interested in the resolution concerning appointment of Mr. Khoday Swamy Giridhar

None of the Directors except Mr. Bangra Kulur Ratnakar Rao and Mr.Sudhakar Shetty is directly or indirectly concerned or interested in the resolutions concerning appointments of Mr. Bangra Kulur Ratnakar Rao & Mr. Sudhakar Shetty.

### **ITEM NOS.8 & 9 :**

At the 41<sup>st</sup> Annual General Meeting held on 17th December 2007, the Members had passed a Resolution to increase the Authorized Share Capital from Rs.45 Crores to Rs.100 Crores, to enable the infusion of additional funds, for the purpose of undertaking the expansion of the Company's business, through issue of fresh securities to the extent of Rs.62 Crores. The Members had also accorded their consent for the consequential alterations in the Memorandum and Articles of Association.

But, in the light of the general down turn in the economy due to recessionary conditions and the sluggish trends in the capital market, your Board is presently of the view that increasing the authorized capital is not feasible in the present circumstances and instead the Management's efforts are better directed towards optimization of the available resources for better performance and enhancement of shareholder value.

Accordingly, it is proposed to rescind the enabling Resolutions concerning the increase in authorized capital and the consequential alterations to the Memorandum and Articles of Association. It is further proposed to restrict the issue of fresh securities to the extent of Rs.6.86 Crores i.e. the difference between the Issued capital of Rs.38.13 Crores and the Authorized Capital of Rs.45 Crores.

Your Board commends the resolutions for adoption.

None of the Directors is concerned in the proposed Resolutions.

By order of the Board  
**For Khoday India Limited**

Place: Bangalore  
Date : 1<sup>st</sup> December 2008

(R. Venkat Subramanyan)  
Company Secretary



## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors take pleasure in presenting the 42<sup>nd</sup> Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 2008:

### FINANCIAL HIGHLIGHTS:

(Rs. in Lakhs)

Particulars	2007-2008	2006-2007
1. Gross Income	20920.98	16810.79
Less: Excise Duty	8195.54	5613.22
2. Net Income	12725.44	11197.57
3. Profit Before Tax	1026.99	1169.05
4. Provision for Taxation		
Current Tax	141.00	140.00
Fringe Benefit Tax	29.17	25.46
5. Profit after Tax	856.82	1003.59
ADD : Income Tax for the earlier years	-	9.15
LESS : Prior year adjustments	22.14	-
6. Net Profit for the year	834.68	1012.74
7. Appropriation		
Dividend	-	375.91
Dividend Tax	-	63.89
8. Balance carried forward	1407.62	572.94
	1407.62	1012.74
9. EPS – basic	2.22	2.67

### REVIEW OF PERFORMANCE:

Your Company has registered a net income of Rs. 127.25 Crores during the year as compared to Rs.111.97 Crores for the previous year representing a growth of 13.6% year on year. But the increased Excise duty payments and Raw material costs have dampened corresponding earnings in net profit.

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

### DIVIDEND:

Though your Company's operations during the year resulted in a sizable net profit of about Rs. 8.34 Crores, in view of the scarce availability of credit in the current scenario and the consequent need to improve the cash position of the Company, the management has decided to plough back the entire profit earned for improving the business operations and shareholder value. Hence, your Directors do not propose any dividend for the year.

### DIRECTORS:

- i) In accordance with Article 37(A) of the Articles of Association of the Company, Maj.Gen(Retd) M.K.Paul & Mr. K.L. Ramachandra, Directors, retire by rotation and being eligible have offered to be re-appointed.
- ii) M/s Khoday Swamy Giridhar & Bangra Kulur Ratnakar Rao were appointed as Additional Directors at the meeting of the Board of Directors of the Company held on 15-02-2008, pursuant to Article 30 of the Articles of Association of the Company. Similarly, Mr.Sudhakar Shetty was also appointed as an Additional Director at the Meeting of the Board of Directors held on 31-10-2008. These three Directors hold office only up to the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. M/s Khoday Swamy Giridhar, Bangra Kulur Ratnakar Rao & Sudhakar Shetty have expressed

# **KHODAY INDIA LIMITED**

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their willingness to continue in office and the Company has also received a notice under Section 257 of the Companies Act, 1956, from the members proposing their candidature for the office of Director.

## **AUDITORS:**

M/s Rangaraju & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limits u/s 224(1B) of the Companies Act, 1956, and that they are not disqualified for such reappointment within the meaning of Section 226 *ibid*.

## **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 at Annexure 'A'.

## **PARTICULARS OF EMPLOYEES UNDER THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975**

A statement containing the particulars of employees in terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, is attached as Annexure 'B' and forms an integral part of this Report.

## **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.

## **CORPORATE GOVERNANCE:**

A separate section on Corporate Governance is included in the Annual Report. The Company has complied with the requirements of Corporate Governance as stipulated in clause 49 of the Listing Agreement. The Certificate obtained from the Company's Auditors on compliance with Corporate Governance requirements is annexed thereto.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors further report that:-

- i. in the preparation of annual accounts, the applicable accounting standards had been followed and that there were no material departures;
- ii. the accounting policies selected by them were applied consistently, judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2008 and of the profit of the Company for the period ended 31<sup>st</sup> March 2008;
- iii. they have 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. the annual accounts have been prepared on a going concern basis.

## **ACKNOWLEDGEMENTS:**

Your Directors thank the customers, vendors, investors, bankers, financial institutions, Central and State Governments for their continued support and co-operation extended to the Company.

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

Date: 1<sup>st</sup> December 2008  
Place: Bangalore

**K.L.RAMACHANDRA**  
**CHAIRMAN**





### Annexure "A" to Directors' Report

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

#### FORM – A (See Rule 2)

#### 1. Conservation of Energy :-

- o Increased Plant load factor was achieved during the year resulting in considerable savings in energy costs.
- o Considerable utilization of power supplied by a private producer resulted in savings in power costs.
- o Fans, lights and other electrical devices were switched off when not in use thereby achieving energy saving to a considerable extent.
- o Installation of capacitors resulted in better power factor and the resultant savings in power costs.

PARTICULARS	31-03-2008	31-03-2007
	Glass	Glass
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
– Electricity		
(a) Units Purchased KWH	7219960	5560280
Amount (Rupees in '000s)	33724	27557
Rate per Unit (in Rs.)	4.67	4.95
(b) Own Generation :		
Through Diesel Generators		
Units Produced KWH	125829	51333
Rate per Unit (in Rs.)	11.78	11.98

#### B. CONSUMPTION PER UNIT OF PRODUCTION

Glass / MT	Electricity		Furnace Oil		LP Gas		HSD Oil	
	31-3-2008	31-3-2007	31-3-2008	31-3-2007	31-3-2008	31-3-2007	31-3-2008	31-3-2007
	442.08 units	556.23 Units	195.84Ltrs	271.35 Ltrs	23.33 Kgs	36.12 Kgs	2.57 Ltrs	5.33 Ltrs

#### FORM – B (See Rule 2)

#### 2. RESEARCH AND DEVELOPMENT EFFORTS :

No significant Research and Development activities were undertaken by the Company during the year.

#### 3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

a) KTG Technology of United Kingdom adopted in innovative manner to suit the local conditions in the working of glass furnace for achieving better oil to glass ratio, for ensuring better productivity is being upgraded from time to time and absorbed fully.

b) Imported Technologies have been fully absorbed.

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

[in Rs. 000s]

PARTICULARS	31-03-2008	31-03-2007
A. FOREIGN EXCHANGE OUT GO	1833	2150
B. FOREIGN EXCHANGE EARNINGS	–	507

# KHODAY INDIA LIMITED

## Annexure "B"

### INFORMATION REQUIRED TO BE FURNISHED UNDER THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Name of employee	Designation & nature of duties	Remuneration recd. during the financial year 1st April 2007 to 31st March 2008 in Rs: (inclusive of perquisites)	Nature of employment, i.e whether contractual or otherwise	Other terms and conditions of employment	Qualifications & experience (no. of years)	Date of commencement of employment	Age of the employee	The last employment held before joining the Company	No. of equity shares of the Company held by the employee in his name, in the name of spouse & dependent children
Satpal Chaudhry	Chief Operations Officer- Sales & Marketing,	25,65,000/-	Contractual	As per Service Rules of the Company	M.Tech (Industrial), B.E. (Mechanical) 39 years	01 <sup>st</sup> March 2007	62 yrs	C.E.O <sup>m</sup> Himmel Breweries Limited, Delhi	NIL
P.R. Ananda Murthy *	President	24,60,000/-	Regular	As per Service Rules of the Company	B.Sc., DIISc., FICWAI	06th July 1987	74 yrs	Chairman & Managing Director National Textile Corporation, Bangalore	1 Equity Share in his name

- Notes: 1. The above mentioned employees are not related to any of the Directors of the Company.  
 2. The gross remuneration as shown above includes salary & allowances.  
 3. Mr. P.R. Ananda Murthy resigned from the service of the Company w.e.f. 31st May 2008.



**ANNEXURE TO DIRECTORS' REPORT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

1. **Industry structure and developments:** This Industry is a significant contributor to the States' Exchequer. The spirits segment witnessed a growth of 16.5% year on year on volume basis. Your Company recorded an impressive growth of 27% in this segment of the industry, well above the industry average. The product distribution in most states is managed through government undertakings.
2. **Opportunities and threats:** The overall growth in the economy and the resultant higher disposable incomes is viewed as the main driver of increased volume of business. However, the highly regulated environment in which the Company operates marked by near absence of uniformity of policies amongst various states combined with the restriction on advertising in both the print and electronic media present impediments to growth. The easy availability of multinational brands constitutes another challenge for the Company.
3. **Segment wise/ product wise performance:** The revenue for the Company was generated through operations in the product segments of Liquor, Glass, Contract & Others comprising miscellaneous activities. The Liquor segment clocked a revenue of Rs.177.38 crores during the year registering an impressive increase of Rs. 52.77 crores over the previous year. The Glass segment also registered an increase of Rs.9.29 crores year on year. But the revenue from the Contact segment of business witnessed a reduction of over 50% year on year. However, the miscellaneous operations ("others" segment) brought in an increased revenue of 21.4% year on year.
4. **Outlook:** Despite the slow down in the economy, it is expected that a steady growth both in volume terms and on revenue basis will be registered across all products of the Company during 2008-09.
5. **Risks and concerns:** The Company's ability to foresee and manage business risks is crucial to achieving favourable results. The Company's business is subject to the following risks and uncertainties :-
  - i) The Company operates in a highly competitive environment. With improved processes and systems, the Company endeavors to achieve differentiation in its products to drive strong growth and profitability.
  - ii) The Company faces the risk of inadequate availability of raw material such as Extra Neutral Alcohol owing to depletion of stocks of molasses with sugar factories resulting from reduced crushing operations. However, to mitigate supply risks, forward arrangements are being made for firm supplies of Extra Neutral Alcohol.
6. **Internal Control System :** The Company follows a system of internal controls to ensure effectiveness and efficiency of operations, safeguard of assets, the reliability of financial reporting and compliance with applicable laws and regulations.
7. **Financial performance vis-à-vis Operational performance :** Despite the challenging environment, the Company has been able to record a gross turnover in excess of Rs. 200 crores for the first time, which marks an increase of 27% year on year. However, the substantial increase of about 46% in Excise Duty payment has adversely impacted the earning of net profit. The huge increase in the inventory of stocks is due to long maturation process inherent to alcoholic beverages.
8. **Material development in human resources / industrial relations front:** The Company has embarked on improving employee output across all levels through operational efficiency and higher levels of motivation. The industrial relations in all the units of the company remained cordial throughout the year.
9. **Cautionary statement:** Statements in the Management Discussion and Analysis prescribing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the markets in which the Company operates, changes in the Government Regulations, Tax Laws and other statutes and incidental factors.

# KHODAY INDIA LIMITED

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company believes that good governance is essential to achieve long term Corporate goals and enhance shareholders' value and accordingly has established transparency of procedures and reporting systems for dealing, dissemination of information with due disclosures, strict adherence to statutory and regulatory prescription and increasing accountability to its shareholders, bankers and customers. All matters of strategy, significant developments etc. are routinely placed before the Board. The 2 committees of the Board viz., Audit Committee and the Share Transfer & Investors' Grievances Committee meet regularly to transact business in respect of all matters entrusted to them.

### 2. BOARD OF DIRECTORS:

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

#### Composition of Board :

The Board presently comprises 10 Directors of which 2 are Non-executive Promoter Directors and 5 are Independent Non-executive Directors. The Company has a Non-executive Chairman.

Both the Executive & Non-executive Directors were not paid any remuneration during the year other than Sitting Fees paid to the Non-Executive Directors for attending the Meetings of the Board and Committees thereof.

The details of the attendance of the Directors at the Board Meetings & last Annual General Meeting and directorships in other companies are as under:-

Name of Directors	Designation	Category	No. of Board Meetings attended	Attendance at the last AGM held on 17 <sup>th</sup> December 2007	No. of directorships in public companies other than Khoday India Limited	No. of member ships held in Committees of the Board of Khoday India Limited
Mr. K.L. Ramachandra	Chairman	Promoter-Non-Executive	3	Present	9	1-Member
Mr. K.L.Srihari	Vice Chairman & Managing Director	Promoter-Executive	4	Present	10	1-Chairman
Mr. K.L.A. Padmanabhasa	Joint Managing Director	Promoter-Executive	3	Present	8	-
Mr. K.L.Swamy	Executive Director	Promoter-Executive	4	Present	8	1-Member
Prof.L.R.Vagale	Director	Independent-Non Executive	5	Present	-	1-Chairman



Name of Directors	Designation	Category	No. of Board Meetings attended	Attendance at the last AGM held on 17 <sup>th</sup> December 2007	No. of directorships in public companies other than Khoday India Limited	No. of member ships held in Committees of the Board of Khoday India Limited
Maj. Gen. (Retd.) M.K. Paul	Director	Independent-Non Executive	5	Present	-	1-Member
Mr. Dattaraya Vishwanath Tikekar	Director	Independent-Non Executive	1	Present	1	-
Mr. Khoday Swamy Giridhar	Director	Promoter – Non Executive	1	-	-	-
Mr. Bangra Kulur Ratnakar Rao	Director	Independent-Non Executive	-	-	1	-
Mr. Sudhakar Shetty	Director	Independent – Non Executive	-	-	1	1- Member

During the financial year 2007-08, 5 Board meetings were held viz., on 07-05-2007, 31-7-2007, 31-10-2007, 30-01-2008 and 15-02-2008.

Note: The directors are not on the committee of the Board of any company other than Khoday India Limited.

**DISCLOSURES CONCERNING DIRECTORS PROPOSED TO BE APPOINTED/REAPPOINTED:**

**New Directors:-**

**Mr. Khoday Swamy Giridhar:**

Mr.Khoday Swamy Giridhar, a Scion of the Khoday Family was appointed as a Non-executive Additional Director at the meeting of the Board of Directors of the Company held on 15<sup>th</sup> February 2008. Aged 36 years, Mr.Giridhar holds a Diploma in Civil Engineering and has been actively associated with the various facets of the business in the Khoday Group. Mr.Giridhar holds 72,000 equity shares of the Company in his name as on 31<sup>st</sup> March 2008 as well as on 1<sup>st</sup> December 2008.

**Mr. B.K. Ratnakar Rao**

Mr.B.K.Ratnakar Rao was appointed as a Non-executive Additional Director at the meeting of the Board of Directors of the Company held on 15<sup>th</sup> February 2008. Aged 68 years, Mr.Rao holds a Master's Degree in Bio-Chemistry from Madras University. Mr. Rao began his career as an Assistant Professor of Chemistry and later joined the Indian Police Service during the year 1961, where he held positions in the State Police, Intelligence Bureau, Research and Analysis Wing, External Affairs Ministry and Indian Missions in Singapore and U.K., before retiring as Secretary (Security) Government of India. Mr.Rao was a Member of National Security Advisory Board during the year 2003 and also served as a Member on the Advisory Board for Bank, Commercial and Financial Frauds from June 2003 to June 2007.

Mr.Rao is a recipient of the Police Medal and the President's Police Medal for exemplary service.

## **KHODAY INDIA LIMITED**

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Mr.Rao does not hold any shares in the Company as on 31<sup>st</sup> March 2008 as well as on 1<sup>st</sup> December 2008.

### **Mr. Sudhakar Shetty:**

Mr. Sudhakar Shetty was appointed as a Non-executive Additional Director at the meeting of the Board of Directors of the Company held on 31<sup>st</sup> October 2008. Aged 59 years, Mr.Shetty holds a Degree in Science as well as Law & he became a Certified Accountant of the Indian Institute of Bankers during his long career spanning over 23 years in a public sector bank. He has experience in commercial and investment banking operations. For the past 15 years, Mr. Shetty is the Managing Director of M/s. Sheshanka Financial Services Private Limited, which is providing corporate advisory services to many leading Corporates. Mr.Shetty is also the Promoter Director of M/s Sheshanka Securities Pvt Ltd which is a Corporate Member of National Stock Exchange of India Ltd., Bangalore Stock Exchange, OTC Exchange and Sub-broker of Bombay Stock Exchange. Further, Mr.Shetty is the Promoter Director of M/s S Mart Limited which is distributor of Insurance and Mutual Fund Products.

Mr. Shetty is also a member of the Audit Committee of Directors of the Company.

Mr.Shetty does not hold any shares in the Company as on 31<sup>st</sup> October 2008 as well as on 1<sup>st</sup> December 2008.

### **Director retiring by rotation and proposed to be re-appointed :-**

**Maj. Gen. (Retd) M.K.Paul:-** Maj. Gen. (Retd.) M.K. Paul is 73 years of age and has been a Director of the Company since his appointment on 31<sup>st</sup> July 2003. Upon completion of his Bachelors Degree in Mechanical Engineering with distinction he pursued the Conversion Course in Civil Engineering in the College of Military Engineering, Pune and served for a period of 36 years in the Indian Army holding important Command, Staff & Instructional Assignments in the major operational areas throughout India and was also associated in the construction of major infrastructural projects of all the three Defence Services including the Air Force Academy and Dry Docks for the Navy. He was deputed by the Government of India on a Study Tour of the Engineering projects in UK & West Germany and has several technical publications to his credit. Till the end of 2004, he held the position of Controller of Finance & Administration of the elite National Institute of Advanced Studies, Bangalore, where he played a key role in supervising the construction of the prestigious JRD Tata Memorial Auditorium besides organizing Seminars / Workshops on Infrastructural Development and Disaster Management and other Panel discussions at the Institute.

Maj. Gen. (Retd.) Paul is also a Member of the Audit Committee of Directors of the Company..

Maj. Gen. (Retd.) Paul does not hold any shares in the Company as on 31<sup>st</sup> March 2008 as well as on 1<sup>st</sup> December 2008.

**Mr. K.L. Ramachandra:** Mr.K.L.Ramachandra, aged 77 years is the eldest of the illustrious Khoday Brothers. Mr.Ramachandra is an Industrialist by profession, presiding over as the Chairman of the business conglomerate of the Khoday Group of Companies. Renowned for his business acumen and administrative skills, the articulate Mr. Ramachandra steered the flagship Company Khoday Distilleries Limited (predecessor of Khoday India Limited) as its Chairman & Managing Director for over a period of 23 years since the Incorporation of the Company in 1965 up to April 1989, when he handed over the reins of Chief Executive to his younger brother and the present Vice Chairman & Managing Director, Mr.K.L.Srihari.

Mr. K.L. Ramachandra is presently the Non-executive Chairman of the Company and is also a Member of the Audit Committee of Directors. The Company continues to be benefited by the wise counsel of Mr.Ramachandra in various facets of its business.

Mr. K.L. Ramachandra holds 61,45,899 equity shares of the Company in his name as on 31<sup>st</sup> March 2008 as well as on 1<sup>st</sup> December 2008.



**3. AUDIT COMMITTEE:**

The Audit Committee of the Board of Directors was constituted during the year 1991 itself and has been meeting regularly ever since, long before the introduction of Sec.292A of the Companies Act, 1956 by Companies (Amendment ) Act 2000 vide which public companies with a paid up capital of not less than Rs. 5 Crores were required to constitute an Audit Committee. The Committee oversees the Company's financial reporting process and the disclosure of its financial information to ensure correctness of such reporting and disclosure. The Committee ensures compliance with requirements as to the audited annual financial statements & un-audited quarterly financial statements furnished to the stock exchanges under the Listing Agreement. Statutory payments by the Company to various authorities are also reviewed by the Committee.

The Audit Committee presently comprises 4 members viz., Mr. K.L.Ramachandra – Non-Executive Director, Prof.L.R.Vagale - Independent Director, Maj. Gen. (Retd.) M.K.Paul – Independent Director & Sri Sudhakar Shetty, Independent Director. The Company Secretary acts as the Secretary to the Committee. The Committee elected Prof. L.R.Vagale, to act as its Chairman. The Audit Committee Meetings were held on 28-06-2007, 31-07-2007, 31-10-2007 & 30-01-2008.

Name of Members	Designation	Category	No. of Audit Committee Meetings attended
Mr. K.L. Ramachandra	Member	Promoter-Non-Executive	2
Prof. L.R. Vagale	Chairman	Independent-Non Executive	4
Maj. Gen. (Retd.) M.K.Paul	Member	Independent-Non Executive	4
Mr. Sudhakar Shetty	Member	Independent - Non Executive	-

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

The Share transfer Cum Investors' Grievance Committee comprises 2 Directors viz. Mr. K.L. Srihari & Mr. K.L. Swamy. The committee is headed by Mr. K.L.Srihari. Mr. R. Venkat subramanyan, Company Secretary is the Compliance Officer.

During the year, the company were received 17 complaints from shareholders all of which were redressed to the satisfaction of shareholders within 30 days of receipt.

**5. GENERAL BODY MEETINGS:**

A) Particulars of last three Annual General Meetings held:

AGM	Financial year ended	Venue	Date	Time	Special Resolution
41 <sup>st</sup>	31-3-2007	Shravanti Kalyana Mantapa, Bangalore	17-12-2007	12.00 noon	Yes
40 <sup>th</sup>	31-3-2006	Vaishnavi Kalyana Mantapa, Bangalore	29-09-2006	12.30 p.m.	No
39 <sup>th</sup>	31-3-2005	Shravanti Kalyana Mantapa, Bangalore	23-12-2005	12.00 Noon	No

# KHODAY INDIA LIMITED

## POSTAL BALLOT:

At the last Annual General Meeting held on 17-12-2007, the special resolution for altering the Object Clause of Memorandum of Association was considered through Postal Ballot, pursuant to Section 192 A of the Companies Act, 1956. The details / results of the Postal Ballot so conducted are as under:

Date of notice of Postal Ballot	Date of Scrutinizer's Report & declaration of results	Description of the Resolution passed	Results
31-10-2007	17-12-2007	Special Resolution under Section 16 of the Companies Act, 1956, seeking consent of the Members for Alteration of the Object Clause of Memorandum of Association.	Carried by requisite majority – No. of votes cast in favour-11651658  - No. of votes against - 3

The Postal Ballot was conducted as per the procedure prescribed under Rule 5 of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Mrs. Akila Ravikrishnan, a Company Secretary in whole-time practice was appointed as Scrutinizer.

## 6. DISCLOSURES:

- (i) Attention of the Members is drawn to the disclosures of transactions with related parties as set out in the Notes on Accounts – Schedule 22, forming part of this Annual Report. The Company's related party transactions are generally with the other companies in the Khoday Group and the transactions are entered into based on considerations of business exigencies. All related party transactions are negotiated on arms length basis, intended only to further the interests of the Company.
- The Company has consistently followed and applied the Accounting treatment in respect of various transactions, as prescribed in the Accounting Standards, without any deviation.
- (ii) Remuneration to Directors:
- (a) None of the Directors under both the Executive and Non-executive category have been paid any remuneration by the Company during the year, excepting Sitting Fees paid to the Non-executive Directors for attending the Meeting of the Board and the Committee thereof, as detailed below.

Sl.No.	Name of the Director (Non-Executive)	Sitting Fees paid during the year
1.	Mr. K.L. Ramachandra	Rs. 8,750/-
2.	Prof. L.R. Vagale	Rs. 15,750/-
3.	Maj. Gen. (Retd.) M.K. Paul	Rs. 15,750/-
4.	Mr. D.V. Tikekar	Rs. 1,750/-
5.	Mr. Khoday Swamy Giridhar	Rs. 1,750/-
6.	Mr. Bangra Kulur Ratnakar Rao	-
	Total	Rs. 43,750/-

- Note: 1) The sitting fees paid as above is well within the prescribed limit.  
2) No sitting fees was paid to any of the Executive Directors.





### (b) Details of Shareholding of Non-Executive Directors of the Company:

Of the six Non-Executive Directors only Mr.K.L.Ramachandra who is also the Chairman and Mr.Khoday Swamy.Giridhar hold 61,45,899 and 72,000 shares of the Company in their name respectively. The other Non-Executive Directors viz., Prof. Vagale, Maj.Gen(Retd.) M.K. Paul, Mr. D.V.Tikekar, Mr. Bangra Kulur Ratnakar Rao & Mr. Sudhakar Shetty do not hold any shares of the Company in their name.

- iii) The company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed during the last three years.
- iv) CEO/CFO Certification: The Managing Director has Certified to the Board of Directors, inter-alia, the accuracy of financial statements and adequacy of internal controls for financial reporting purpose as required under Clause 49 (V) of the Listing Agreement for the year ended 31-03-2008.

### Compliance with mandatory requirements under Clause 49:-

The mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.

### Non-mandatory requirements under Clause 49 of the Listing Agreement:

- i) The Chairman is a Non-executive Director. The Company has not reimbursed any expenses incurred for maintenance of his office or in the performance of his duties.
- ii) The Company has so far not constituted 'Remuneration Committee' for the purpose of considering payment of remuneration to Whole-time Directors.
- iii) During the year under review, there was no audit qualification in the financial statements.

## 7. MEANS OF COMMUNICATION:

- i. The statements of quarterly financial results are furnished to the Stock Exchanges through facsimile transmission (fax) immediately after conclusion of the Board Meeting and also through courier, in compliance with the requirement under the Listing Agreement.
- ii. The financial results are published in the English daily "Business Line" and Kannada daily "Udayavani"/ "Samyukta Karnataka".
- iii. The financial results are also duly posted on the EDIFAR website in compliance with the requirement specified by SEBI.
- iv. The Company's Balance Sheet is posted on the website "Khodays.com".
- v. The Company's Annual Report containing inter-alia Directors' Report, Auditor's Report, Audited Annual Accounts and other important information is circulated to the Members and others entitled thereto.
- vi. Printed copies of the Chairman's Address are distributed among the Members attending the Annual General Meeting.

## 8. GENERAL SHAREHOLDER INFORMATION:

- i. The 42<sup>nd</sup> ANNUAL GENERAL MEETING is scheduled to be held on Tuesday, the 30<sup>th</sup> December 2008 at 10.30 a.m. at # 67, Hotel Vaishnavi Residency, Kanakapura Main Road, Bangalore-560 078.( No special resolution is proposed to be passed through postal ballot at the AGM).

## KHODAY INDIA LIMITED

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- ii. Financial year : 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008
- iii. Book Closure Date : 24<sup>th</sup> December 2008 to 30<sup>th</sup> December 2008  
(both days inclusive).
- iv. Dividend Payment Date : No dividend payment is proposed.
- v. Shares of the Company Listed at :-
- a. Bombay Stock Exchange Ltd,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400 001  
Phone No: 91-22-22721234 / 33
  - b. Bangalore Stock Exchange Ltd  
Stock Exchange Towers,  
51, 1<sup>st</sup> Cross, J C Road  
Bangalore-560 027  
Phone No: 91-80-41575234
  - c. Madras Stock Exchange Ltd  
"Exchange Building"  
11, Second Line Beach  
Chennai-600 001  
Phone No: 91-44-25244897

The Annual Listing Fee for the year 2008-09 has been paid to all the 3 Stock Exchanges.

- vi. Company's Stock Code : 507435 (BSE)
- vii. Stock Market Price Data (BSE) & performance vis-à-vis BSE Sensex:

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Month	Share Price		BSE Sensex	
	High	Low	High	Low
April-07	51.90	44.10	14383.72	12425.52
May-07	60.75	46.00	14576.37	13554.34
June-07	111.35	53.55	14683.36	13946.99
July-07	238.75	96.25	15868.85	14638.88
Aug-07	425.05	240.00	15542.40	13779.88
Sept-07	315.35	253.90	17361.47	15323.05
Oct-07	324.30	236.00	20238.16	17144.58
Nov-07	332.00	220.05	20204.21	18182.83
Dec-07	363.35	271.50	20498.11	18886.40
Jan-08	382.75	179.30	21206.77	15332.42
Feb-08	259.80	178.00	18895.34	16457.74
Mar-08	215.00	98.35	17227.56	14677.24

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viii. Registrar and Share Transfer Agent:

M/s. Alpha Systems Private Limited,  
30, "Ramana Residency",  
4<sup>th</sup> Cross, Sampige Road,  
Malleswaram, Bangalore-560 003  
Tel: 080-23460815 / Fax No:080-23460819

ix (a). Share Transfer System:

The requests for transfer, transmission etc in respect of shares held in the physical mode are processed by the Registrar M/s.Alpha Systems Private Limited who forward to the Company once every 15 days a Memorandum containing details of the proposed transfers, transmission etc. for Company's approval. The said Memorandum and the concerned documents are scrutinized and approved by the Share Transfer Cum Investor Grievances Committee of the Board of Directors. Upon conveying of the said approval, the share certificates are endorsed with share transfer / transmission details and dispatched by the Registrar to the transferees / beneficiaries within 1 month of receipt of the documents as required under Clause 3 (c) of the Listing Agreement with the Stock Exchanges. Requests for dematerialization of shares are processed and the confirmation in that regard are conveyed to Depositories within 15 days of receipt. All correspondence connected with share transfers / transmissions etc. are attended to by the Registrar under the guidance of the Company Secretary. The Company representative periodically visits the Registrar's office to monitor the work entrusted.

ix(b). Secretarial Audit:

- Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, Certificates on half yearly basis, have been issued by a Company Secretary in Practice for due compliance of Share transfer formalities by the company.
- The Practicing Company Secretary carried out the Secretarial Audit to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) & Central Depository Securities Limited (CDSL) and the total issued and listed capital. The Audit confirms that the total issue / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form.
- Pursuant to SEBI (Depositories & Participants) Regulations 1996, Certificates have also been received from a Practicing Company Secretary for dematerialization of the Company's shares and for conducting a Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company.

x) Distribution of Shareholding:-

a) Shareholding Pattern as on 31<sup>st</sup> March 2008:-

Category	No.of Share holders	No. of Shares held	% of Shareholding
Individuals (including NRIs)	16828	3132782	8.33
Companies	255	606135	1.61
Promoters and Associated Companies	61	33660216	89.54
FII/Foreign Nationals	2	109400	0.29
Mutual Funds, FIs, Banks	8	4627	0.01
NSDL/CDSL Clearing Member	70	78077	0.21
<b>Total</b>	<b>17224</b>	<b>37591237</b>	<b>100</b>

## KHODAY INDIA LIMITED

b) Distribution of shareholding by size as on 31-03-2008:-

Range of Shares	No. of Share holders	% of Share holders	No. of Shares Held	% of Share-holding
1 - 500	16505	95.83	1932172	5.14
501 - 1000	340	1.97	264612	0.70
1001 - 2000	161	0.93	248096	0.66
2001 - 3000	56	0.33	142638	0.38
3001 - 4000	19	0.11	70286	0.19
4001 - 5000	23	0.13	109641	0.29
5001 -10000	38	0.22	265500	0.71
10001 & ABOVE	82	0.48	34558292	91.93
<b>Total</b>	<b>17224</b>	<b>100.00</b>	<b>37591237</b>	<b>100.00</b>

xi. Dematerialization of shares and liquidity :

Equity shares of the company being in the compulsory dematerialized segment, their trading is facilitated through both the Depository Systems in India, viz., NSDL and CDSL. The International Securities Identification Number (ISIN) allotted for the Company's shares under the Depository System is INE687B01014-KIL-EQ. Shareholders holding shares in dematerialized form are required to enter into correspondence with the concerned Depository Participants.

1,32,92,124 No. of shares were traded on BSE during the year.

xii. There are no outstanding warrants or any convertible instruments issued by the Company.

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

xiii. Address for correspondence: Khoday India Limited  
"Brewery House",  
7<sup>th</sup> Mile, Kanakapura Road,  
Bangalore-560 062.  
Tel : 080-22956569  
Fax : 080-22956570



## Auditor's Certificate on Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by Khoday India Limited for the year ended 31<sup>st</sup> March 2008 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. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that, as at 31<sup>st</sup> March 2008, no investor's grievances were pending for a period exceeding one month against the company as per the records maintained by the company and produced for our verification.

We 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.

For Rangaraju & Associates  
*Chartered Accountants*

**KRISHNAN RANGARAJU**  
Partner  
*Membership No. 18457*

Place : Bangalore  
Date : 01.12.2008

# KHODAY INDIA LIMITED

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## REPORT OF THE AUDITOR

### To the Members of Khoday India Limited

1. We have audited the attached Balance Sheet of **Khoday India limited** as at 31st March 2008, the 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. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, We enclose in the *Annexure* a statement on the matters specified in paragraphs 4 and 5 of the said Order
4. Further to our comments in the *Annexure* referred to above, We report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our 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 our opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
  - e. In our opinion, on the basis of the information and explanations given to us and written representation received from the directors, as on 31<sup>st</sup> March 2008 and taken on record by the Board of Directors, We report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
5. In our opinion, and to the best of our information and according to the explanations given to us, 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 in conformity with the accounting principles generally accepted in India:
  - a. In the case of the Balance Sheet, of the state affairs of the company as at 31st March 2008,
  - b. In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
  - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Rangaraju & Associates  
Chartered Accountants

**KRISHNAN RANGARAJU**  
Partner  
Membership No. 18457

Place : Bangalore  
Date : 01.12.2008



## ANNEXURE TO THE AUDITOR'S REPORT.

(Referred to in Para 4 of our report of even date)

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We 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 our 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 our knowledge no material discrepancies were noticed.
- (c) The fixed assets disposed off during the year were not substantial so as to affect the going concern status of the Company.
- ii. (a) As explained to us, Inventories have been physically verified by the management at reasonable intervals during the year. The stocks in possession of the third parties have been confirmed by them.
- (b) In our opinion and according to the information and explanations given to us, 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 our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventories and we have been informed that 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 covered in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, Clauses (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the Companies (Auditors Report) order, 2003 are not applicable to the Company.
- (e) The Company has not taken loans, secured or unsecured, from companies and firms which have been covered in the register maintained under section 301 of the Companies Act, 1956
- Further, the company has taken unsecured Interest free loan from four Directors' of the company and the maximum amounts outstanding at any time during the year are Rs. 1,601.39 Lakhs and the year end balance of such loan is Rs.1,601.34 Lakhs.
- (f) In our opinion, according to the information and explanation given to us, the loan taken from the Directors are interest free, the rate of interest and the terms and conditions are not, prima facie, prejudicial to the interest of the Company.
- (g) Since there is no stipulation as to the repayment of principal, we are of the opinion that there is no irregularity in the repayment of these loans.
- iv. In our opinion and according to the information and explanations given to us, there is 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 our audit, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal controls system.
- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under that section have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301

## KHODAY INDIA LIMITED

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 our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act and the rules framed there under.
- vii. In our opinion, the company has an internal Audit system commensurate with its size and nature of business.
- viii. We have broadly reviewed the books of accounts maintained by the company in respect of Industrial Alcohol and paper products pursuant to the Rules made by Central Government for the maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956, and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained by the company.
- ix. (a) According to the information and explanations given to us and based on our verification of the records of the company, in our 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 except certain amount towards Sales Tax / Value Added Tax, Provident Fund, Employee State Insurance, Professional tax, Service Tax, Income Tax and Tax deducted at source, where it is not regular.

**According to information and explanation given to us, excepting for Rs.50.67 lakhs towards Sales Tax/Value Added Tax, Rs.4.19 lakhs towards Service Tax and Rs. 0.12 lakhs towards TDS, there are no other undisputed amounts payable in respect of statutory dues which have remained outstanding as at 31<sup>st</sup> March 2008 for a period of more than six month from the date they became payable.**

(b) According to the information and explanations given to us and as per records of the company, the following are the particulars of dues on account of sales Tax which have not been deposited on account of dispute before the forum mentioned there against.

Name of the Statute	Nature of Dues & related Period	Rupees in Lacs	Forum where dispute is pending.
Karnataka Sales Tax Act, 1957	Sales tax, Entry Tax and penalty F.Y. 2002-03	33.42	Joint Commissioner of Commercial Taxes (Appeal) Bangalore.
Karnataka Sales Tax Act, 1957	Sales tax F.Y 2003-04	13.21	Joint Commissioner of Commercial Taxes (Appeal) Bangalore.

- x. The company does not have any accumulated losses at the end of the financial year. Further, the company has not incurred cash losses during the financial year and the immediately preceding financial year.
- xi. According to information and explanations given to us, the company has defaulted in repayment of principal and interest dues to the following bank.

Name of the Institution	Nature of Dues	Amount of Default (Rs. in Lakhs)	Period of Default (since)	Actual amount paid (Rs. in Lakhs)	Actual date of Payment
IDBI	Vehicle Loan	3.37	Dec'2007	3.37	11.07.2008





- xii. According to the information and explanations given to us, the company has not granted any loans and advances secured by pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi or a 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 our 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 explanation given to us, the company has not given any guarantee for the loans taken by others from banks or financial institutions.
- xvi. In our opinion, and according to information and explanations given to us, term loans have been applied for the purposes for which they were obtained.
- xvii. Based on the information and explanations given to us and overall examination of the Balance sheet of the company, in our 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 explanation given to us, 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 us, 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 us, we report that no case of fraud on or by the company has been noticed or reported during the year under audit.

For Rangaraju & Associates  
*Chartered Accountants*

**KRISHNAN RANGARAJU**  
Partner  
*Membership No. 18457*

Place : Bangalore  
Date : 01.12.2008

# KHODAY INDIA LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2008

[Rupees in Thousands]

PARTICULARS	Schedule No.	As at 31-03-2008	As at 31-03-2007
<b>SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS' FUNDS</b>			
[a] Share Capital	1	375,912	375,912
[b] Reserves & Surplus	2	818,782	762,668
<b>2. LOAN FUNDS</b>			
[a] Secured Loans	3	656,513	384,509
[b] Unsecured Loans	4	160,134	163,600
<b>TOTAL:</b>		<b>2,011,341</b>	<b>1,686,689</b>
<b>APPLICATION OF FUNDS</b>			
<b>3. FIXED ASSETS</b>			
[a] Gross Block	5	1,436,045	1,424,981
[b] Less: Depreciation		875,341	799,565
[c] Net Block		560,704	625,416
[d] Work in Progress		60,355	37,696
<b>4. INVESTMENTS</b>			
	6	621,914	622,813
<b>5. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
[a] Inventories	7	585,475	537,109
[b] Sundry Debtors	8	325,438	278,844
[c] Cash & Bank Balances	9	71,485	124,139
[d] Other Current Assets	10	404	284
[e] Loans & Advances	11	434,598	446,946
		1,417,400	1,387,322
<b>6. LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
[a] Current Liabilities	12	614,996	889,982
[b] Provisions	13	34,036	99,395
		649,032	989,377
<b>7. NET CURRENT ASSETS</b>			
		768,368	397,945
<b>8. MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	14	-	2,819
<b>TOTAL :</b>		<b>2,011,341</b>	<b>1,686,689</b>

Significant Accounting Policies and Notes on Accounts 22

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

For and behalf of the Board

**K. L. RAMACHANDRA**  
Chairman

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

As per our report of even date  
for **Rangaraju & Associates**  
Chartered Accountants

Place: Bangalore  
Date : 01-12-2008

**R. VENKAT SUBRAMANYAN**  
Company Secretary

**KRISHNAN RANGARAJU**  
Partner  
Membership No. 18457



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

[Rupees in Thousands]

PARTICULARS	Schedule No.	For the year ended 31-03-2008	For the year ended 31-03-2007
<b>INCOME:</b>			
Sales (Gross)	15	2,027,780	1,592,878
Less: Excise Duty		819,554	561,323
Sales ( Net)		1,208,226	1,031,555
Other Income	16	11,464	82,477
increase / (Decrease) in Stock	17	52,854	5,725
<b>TOTAL:- [A]</b>		<b>1,272,544</b>	<b>1,119,757</b>
<b>EXPENDITURE:</b>			
Consumption of Materials and Purchase for resale	18	473,694	378,075
Mfg, Administrative & Selling Expenses	19	414,386	343,247
Personnel Expenses	20	107,246	93,627
Interest & Bank Charges	21	119,888	123,156
Depreciation :			
For the year		81,984	92,100
LESS: Transfer from Revaluation reserve		27,353	27,353
		54,631	64,747
<b>TOTAL:- [B]</b>		<b>1,169,845</b>	<b>1,002,852</b>
<b>PROFIT/(LOSS) BEFORE TAXATION [A-B]</b>		<b>102,699</b>	<b>116,905</b>
LESS: Provision for Taxation - Current Income Tax		14,100	14,000
- Current Fringe Benefit Tax		2,917	2,546
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS</b>		<b>85,682</b>	<b>100,359</b>
Income tax relating to earlier years - (Net)		-	915
Prior year adjustments		2,214	-
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>83,468</b>	<b>101,274</b>
ADD : Balance brought forward		57,294	-
LESS : Proposed Dividend		-	37,591
Provision for Dividend Tax		-	6,389
Balance carried to Balance Sheet		140,762	57,294
<b>Basic and Diluted Earnings Per Share (in Rupees) (Refer Note-17)</b>		<b>2.22</b>	<b>2.67</b>
<b>Significant Accounting Policies and Notes on Accounts</b>	<b>22</b>		

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

For and behalf of the Board

**K. L. RAMACHANDRA**  
Chairman

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

As per our report of even date  
for **Rangaraju & Associates**  
**Chartered Accountants**

Place: Bangalore  
Date : 01-12-2008

**R. VENKAT SUBRAMANYAN**  
Company Secretary

**KRISHNAN RANGARAJU**  
Partner  
Membership No. 18457

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	As at 31-03-2008	As at 31-03-2007
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
4,50,00,000 (Previous year 4,50,00,000) Equity Shares of Rs.10/- each	450,000	450,000
<b>ISSUED</b>		
3,81,34,237 (Previous year 3,81,34,237) 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 the following shares issued for consideration other than cash ; 64,50,000 Equity Shares allotted as fully paid Bonus Shares by capitalisation of Reserves; 111048 Equity Shares allotted to Share holders of erstwhile Manaylux Paper Board Pvt Ltd in terms of scheme of amalgamation sanctioned by High Court of Karnataka in the financial year 2000-2001; and 23076923 Equity shares allotted to Share holders of erstwhile Khoday Systems Limited in terms of scheme of amalgamation Sanctioned by High Court of Karnataka in the financial year 2003-2004)	<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 per last Balance Sheet	<u>190,918</u>	<u>190,918</u>
<b>CAPITAL REDEMPTION RESERVE</b>		
As per last Balance Sheet	<u>531</u>	<u>531</u>
<b>SHARE PREMIUM ACCOUNT</b>		
As per last Balance Sheet	<u>115,463</u>	<u>115,463</u>
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	<u>134,379</u>	<u>134,379</u>
<b>REVALUATION RESERVE</b>		
As per last Balance Sheet	<u>214,083</u>	<u>241,436</u>
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>186,729</u>	<u>214,083</u>
<b>DEBENTURE REDEMPTION RESERVE</b>		
As per last Balance Sheet	<u>50,000</u>	<u>50,000</u>
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Surplus from Profit & Loss Account	<u>140,762</u>	<u>57,294</u>
<b>Total...</b>	<u>818,782</u>	<u>762,668</u>



## SCHEDULE TO BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	As at 31-03-2008	As at 31-03-2007
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS:</b>		
a. From Banks - i - Cash Credits	418,401	326,294
ii - Term Loans	222,822	41,603
iii - Hire Purchase	7,454	2,856
b. Other Loans & Advances		
i - From Financial institutions	-	6,800
ii - From Others	2,249	1,669
c. Interest Accrued and Due	5,587	5,287
<b>Total</b>	<b>656,513</b>	<b>384,509</b>

(a) (i) **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 and Equitable Mortgage of properties of the company ; and of Private Limited , Trust and firms in which the directors are interested / trustees/ partners and further secured by personal guarantee of the director and corporate guarantees of some entities in which the directors are interested.

**(a) (ii) Term Loan from banks includes**

(1) Rs 228.22 Lacs ( Previous Year Rs 337.20 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 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

(2) Rs Nil Lacs ( Previous Year Rs 78.83 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.

(3) Rs 2000 lacs ( Previous Year Rs Nil 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 .

**(a) (iii) Hire Purchase loans from banks** Rs 74.54 Lacs( Previous year Rs 28.56 Lacs) secured by hypothecation of vehicles .

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	As at 31-03-2008	As at 31-03-2007
<b>(b) (i) Loans from Financial Institutions include</b>		
(ii) Rs. Nil Lacs (Previous Year Rs 68 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>(b) (ii) Loans from others</b> Rs 22.49 Lacs includes Rs 5.80 Lacs ( Previous year Rs Nil Lacs) secured by hypothecation of vehicles and Rs 16.69 Lacs (Previous Year Rs 16.69 Lacs) secured by the Second Charge on the Plant & Machinery and Land measuring 77.24 acres of Company's Paper Division.		
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
<b>Others Loans and Advances</b>		
- From Directors	160,134	109,497
- From Others	-	54,103
<b>TOTAL</b>	<b>160,134</b>	<b>163,600</b>

### SCHEDULE - 5

#### FIXED ASSETS

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As on 01.04.2007	Additions	Sale / Deductions	As on 31.03.2008	As on 01.04.2007	For the year	With drawn	As on 31.03.2008	As on 31.03.2008	As on 31.03.2007
1	Land	33,417	-	-	33,417	-	-	-	-	33,417	33,417
2	Buildings	407,841	64	-	407,905	110,477	14,939	-	125,416	282,489	297,364
3	Plant & Machinery	502,174	8,485	7,045	503,614	390,434	33,836	3,898	420,372	83,242	111,740
4	Furniture & Fixtures Other Office Equipments	377,944	2,404	803	379,545	209,865	28,949	671	238,143	141,402	168,079
5	Vehicles	103,605	9,738	1,779	111,564	88,739	4,260	1,639	91,410	20,154	14,816
	<b>Total . . .</b>	<b>1,424,981</b>	<b>20,691</b>	<b>9,627</b>	<b>1,436,045</b>	<b>799,565</b>	<b>81,984</b>	<b>6,208</b>	<b>875,341</b>	<b>560,704</b>	<b>625,416</b>
	Previous Year	1,292,086	156,374	23,479	1,424,981	713,120	92,100	5,655	799,565	625,416	578,966
6	Capital Work-in-Progress	37,696	27,351	4,692	60,355	-	-	-	-	60,355	37,696
	Previous Year - Capital Work-in-Progress	230,772	4,810	197,886	37,696	-	-	-	-	37,696	230,772

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## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	As at 31-03-2008	As at 31-03-2007
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS :</b>		
<b>LONG TERM :</b>		
(A) Govt. Securities	256	256
<b>TOTAL { A }</b>	<b>256</b>	<b>256</b>
<b>(B) QUOTED - EQUITY SHARES (FULLY PAID-UP)</b>		
<b>TRADE INVESTMENTS - LONG TERM :</b>	Face Value of Each Share	No of Shares 31.03.2008    31.03.2007
Alembic Glass Industries Limited	10	33    33
Arlem Breweries Limited	10	150    150
Artos Breweries Limited	10	225    225
Excell Glass Limited	10	500    500
Jupiter Breweries Limited	10	300    300
Pilsener Breweries Limited	10	100    100
Punjab Breweries Limited	10	250    250
Shaw Wallace and Co Ltd	10	500    500
UB Limited	1	200    20
United Breweries Holding Ltd.	10	562    562
<b>Sub Total ....</b>	<b>24</b>	<b>24</b>
<b>NON-TRADE INVESTMENTS - LONG TERM :</b>		
Chowgule Steam Ship Limited	10	17,500    17500
GL Hotels Limited	10	900    900
GTC Industries Limited	10	160    160
Godfrey Phillips India Limited	10	1,600    1600
Gulf Oil Corporation Limited	10	1,860    1860
Kasturi Foods & Chemicals Limited	10	5,000    5000
MOI Engineering Limited	10	1,400    1400
Metal Box India Limited	10	365    365
Modern Syntex (India) Ltd	10	400    400
Nestle India Ltd	10	76    76
Panchakala Malt Limited	10	100    100
State Bank of Travancore	100	280    280
<b>Sub Total ....</b>	<b>672</b>	<b>672</b>
<b>Total.. { B }</b>	<b>696</b>	<b>696</b>
<b>AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS</b>	<b>5,108</b>	<b>3,796</b>

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	As at 31-03-2008	As at 31-03-2007
<b>(C) UNQUOTED - EQUITY SHARES (FULLY PAID-UP)</b>		
<b>TRADE INVESTMENTS - LONG TERM :</b>		
Himalaya Distilleries Ltd	10 12,500 12500	125 125
United Glass Bottles Mfg Co Ltd	10 13650 13650	137 137
Khoday Industries Pvt Ltd	1000 480 480	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 (15% Redeemable Cumulative Preference Shares)	100 5,000 5000	500 500
<b>Total.. {C}</b>	<b>1,242</b>	<b>1,242</b>
<b>(D) INVESTMENTS IN FIRMS :</b>		
Lakshmi Estate	619,720	620,619
<b>Total.. {D}</b>	<b>619,720</b>	<b>620,619</b>
<b>TOTAL INVESTMENTS AT COST {A+B+C+D}</b>	<b>621,914</b>	<b>622,813</b>
<b>SCHEDULE - 7</b>		
<b>INVENTORIES :</b>		
(As valued and certified by the Management)		
Stores, Spares and Fuel	4,536	6,211
Raw Materials & Goods Purchased for Resale	95,118	97,932
Semi-Finished Goods	421,276	346,515
Finished Goods	64,545	86,451
<b>Total..</b>	<b>585,475</b>	<b>537,109</b>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS :</b>		
(Unsecured, Considered Good)		
Outstanding for more than Six Months	72,540	72,990
Other Debts	252,898	205,854
(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>325,438</b>	<b>278,844</b>



## 42nd Annual Report 2007 - 2008



### SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	As at 31-03-2008	As at 31-03-2007
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES :</b>		
Cash on hand and in transit	34,758	53,418
Cheques and Drafts in Hand	4,849	8,538
Balances with Scheduled Banks		
- In Current Account	16,142	44,594
- In Deposit Accounts	15,736	17,589
<b>Total..</b>	<b>71,485</b>	<b>124,139</b>
<b>SCHEDULE - 10</b>		
<b>OTHER CURRENT ASSETS :</b>		
Interest Accrued on Fixed Deposits	404	284
<b>Total..</b>	<b>404</b>	<b>284</b>
<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	387,533	391,946
Balance with Excise Authorities	11,088	25,299
Deposit - Others	35,977	28,141
Advance Income Tax (Net of Provision for Taxation Rs. 42,051 thousands)	-	1,560
<b>TOTAL</b>	<b>434,598</b>	<b>446,946</b>

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	As at 31-03-2008	As at 31-03-2007
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors		
- For Trade	69,104	74,901
- For Capital Goods	29,343	31,115
- For Expenses & Others	147,516	146,915
- Due to Micro and Small enterprises	8,724	5,889
Advance from customers	54,119	72,771
Unclaimed dividends	867	-
Trade Deposit Received	15,000	215,000
Other liabilities	290,323	343,291
Interest accrued but not due	-	100
<b>TOTAL</b>	<b>614,996</b>	<b>889,982</b>

### SCHEDULE - 13

#### PROVISIONS :

For Taxation (Net of Advance Tax Rs. 35,520 Thousands)	902	-
For Retirement Benefits	20,679	27,091
For Excise Duty	12,451	28,320
For Diminution in value of Investment	4	4
For Proposed Dividend	-	37,591
For Dividend Tax	-	6,389
<b>TOTAL</b>	<b>34,036</b>	<b>99,395</b>

### SCHEDULE - 14

#### MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Deferred Revenue Expenditure	2,819	5,638
Less : Written off during the year	2,819	2,819
<b>Total..</b>	<b>-</b>	<b>2,819</b>

## 42nd Annual Report 2007 - 2008



### SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2008	For the year ended 31-03-2007
<b>SCHEDULE - 15</b>		
<b>SALES</b>		
Distillery - IML	1,773,818	1,246,061
Glass	129,261	88,284
Contract	117,000	252,000
Others	7,701	6,533
<b>Total..</b>	<b><u>2,027,780</u></b>	<b><u>1,592,878</u></b>
<b>SCHEDULE - 16</b>		
<b>OTHER INCOME</b>		
Interest received (Gross)	1,024	626
(TDS Rs 168780 Previous Year Rs. 132903)		
Dividend on Investments	31	70
Misc. Income	504	5,735
Profit on Sale of Fixed Assets	2	47,425
Profit on Sale investment	-	3,171
Foreign Exchange Fluctuation Gain	-	57
Sundry Credit balance written back	9,903	25,393
<b>Total..</b>	<b><u>11,464</u></b>	<b><u>82,477</u></b>
<b>SCHEDULE - 17</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
<b>CLOSING STOCK :</b>		
Finished Goods	64,544	86,451
Semi-finished Goods	421,276	346,515
<b>Total.. { A }</b>	<b><u>485,820</u></b>	<b><u>432,966</u></b>
<b>OPENING STOCK :</b>		
Finished Goods	86,451	105,778
Semi-finished Goods	346,515	320,795
Work-in-progress	-	3,466
Less : Obsolete Stock written off	-	(2,798)
<b>Total.. { B }</b>	<b><u>432,966</u></b>	<b><u>427,241</u></b>
<b>Increase / (Decrease) in Stock (A - B)</b>	<b><u>52,854</u></b>	<b><u>5,725</u></b>

# KHODAY INDIA LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2008	For the year ended 31-03-2007
<b>SCHEDULE - 18</b>		
<b>CONSUMPTION OF RAW MATERIALS &amp; PURCHASE FOR RESALE</b>		
<b>OPENING STOCK</b>		
Distillery	80,636	85,058
Goods Purchased for Resale	176	1,526
Glass	16,038	13,592
Brewery	1,082	1,082
Timber	-	2,749
Less : Captive Consumption	-	(2,749)
Paper	-	6,698
Systems	-	387
Less : Obsolete Stock of Raw Material written off	-	(387)
<b>Total.. {A}</b>	<b>97,932</b>	<b>107,956</b>
<b>ADD: PURCHASES</b>		
Distillery	309,209	239,727
Glass	159,053	104,602
Contract	-	23,088
Purchase for Resale	2,618	634
<b>Total.. {B}</b>	<b>470,880</b>	<b>368,051</b>
<b>LESS: CLOSING STOCK</b>		
Distillery	84,886	80,636
Glass	10,057	16,038
Brewery	-	1,082
Goods Purchased for Resale	175	176
<b>Total.. {C}</b>	<b>95,118</b>	<b>97,932</b>
<b>Consumption and purchase for resale (A+B-C)</b>	<b>473,694</b>	<b>378,075</b>
<b>SCHEDULE - 19</b>		
<b>MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES:</b>		
Power, Fuel & Lighting Charges	86,417	61,581
Rent	17,731	14,305
Rates & Taxes	31,431	20,527
Insurance	2,945	2,609
Repairs & Maintenance :		
- Electrical	1,404	692
- Plant & Machinery	8,093	7,451
- Buildings	2,880	2,393
- Vehicles	19,071	19,338
- Others	4,295	6,067

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### SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2008

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2008	For the year ended 31-03-2007
Freight, Octroi & Storage Expenses	46,459	39,785
Excise Establishment Charges	-	184
Lease Rent	14,492	13,592
Travelling & Conveyance	20,146	21,943
Printing & Stationery	3,318	2,573
Postage, Telephone & Telegram	6,529	8,621
Books & Periodicals	247	217
Security Service Charges	6,413	8,486
Legal & Professional Charges	34,185	19,867
Directors Sitting Fees	44	17
Auditor's Remuneration		
- For Statutory Audit	562	300
Cost Audit Fees	20	20
Donation	723	68
Commission & Discount on Sales	58,663	27,302
Sales Promotion	25,432	12,444
Advertisement	9,754	1,988
Service Charges	1,367	3,698
Miscellaneous Expenses	7,644	7,371
Share of Loss in Partnership Firm	898	575
Irrecoverable advances written off	288	4,953
Bad Debts	1	1,460
Obsolete Stock written off	-	3,185
Loss on sale of asset	97	-
Compensation Paid	-	26,816
Exchange Variation	18	-
Deferred revenue expenses written off	2,819	2,819
<b>Total..</b>	<b>414,386</b>	<b>343,247</b>
<b>SCHEDULE - 20</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Wages, Gratuity, Bonus and leave encashment	90,384	79,163
Staff Welfare Expenses	11,479	9,311
Contribution to P.F. and Other Funds	5,383	5,153
<b>Total..</b>	<b>107,246</b>	<b>93,627</b>
<b>SCHEDULE - 21</b>		
<b>INTEREST &amp; BANK CHARGES :</b>		
<b>INTEREST</b>		
On Term Loan	236	30,995
On Others	109,821	87,616
<b>BANK CHARGES</b>	<b>9,831</b>	<b>4,545</b>
<b>TOTAL..</b>	<b>119,888</b>	<b>123,156</b>

# KHODAY INDIA LIMITED

## SCHEDULE - 22

### Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008 Significant Accounting policies & Notes on Accounts

#### PARTICULARS

#### 1. Significant Accounting Policies

##### (a) Accounting Convention

The Financial Statements have been prepared under the Historical Cost Convention except for certain assets which are revalued in accordance with the Generally Accepted Accounting Practices in India. They materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

##### (b) Estimates and Assumptions

Preparation of Financial Statements require 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) Inventories

Inventory of raw material, stores, spares, materials in transit, work in progress, finished goods – both manufactured and traded are valued at lower of cost or net realizable value.

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

##### (d) Cash Flow Statements

Cash Flow Statement has been prepared under "Indirect Method" as prescribed by Accounting Standard - 3, Cash and Cash Equivalents comprise Cash in Hand, current and other accounts (including Deposit accounts with banks).

##### (e) Event occurring after the Balance Sheet Date

Asset and Liabilities are adjusted for events occurring after the balance sheet date that provide additional evidence to assist the estimation of amounts related to conditions existing at the balance sheet date.

##### (f) Net Profit or Loss for the period, prior period Items and Changes in Accounting Policies

###### ● Net Profit for the period:

All the items of income and expenses in the period are included in the determination of net profit for the period, unless specifically mentioned elsewhere in the financial statements or is required by an Accounting Standard.

###### ● Prior Period item:

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

###### ● Extra Ordinary items:

Extraordinary items are accounted in accordance with Accounting Standard – 5

##### (g) Depreciation Accounting

Depreciation has been provided on fixed assets at the rates prescribed in Schedule XIV to the Companies Act 1956, on written down value method except for Plant & Machinery and Building of




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**PARTICULARS**


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Distillery Division acquired prior to 31<sup>st</sup> March 1999, assets of Paper Division where the depreciation has been provided on straight line basis. 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. Plant & Machinery costing Rs.5, 000 or less is depreciated in full.

Certain Fixed Assets has been revalued during the year 1998-99. The depreciation charged on such Revalued assets is transferred from Revaluation reserve to the Profit & Loss Account.

**(h) Revenue Recognition**

- Sales are recognized on accrual basis. Sales are net of returns, sales tax collected and tax collected at source are not included in sales. Sales include excise duty and additional excise duty.
- Dividend on Investments is accounted in the year in which the right to receive is established.
- Contract Revenue income from Software Development is recognized based on terms of specific contract.
- Income from services is recognized in accordance with the terms of the contract.

**(i) Accounting for 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 capitalized. Expenses capitalized also include applicable borrowing costs till the date of commencement of production.

Assets acquired under hire purchase are capitalized to the extent of the principal value.

**(j) Accounting for Effect in Foreign Exchange Rates**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities on the balance sheet date are translated at year end exchange rates. Exchange difference arising on settlement of forex transactions and translation of monetary items is recognized as income or expense in the year in which they arise.

**(k) Accounting for Investments**

- Long term investments are valued at cost. Provision is made to recognize decline other than a temporary decline, in the value of long-term investments.
- Current Investments are stated at lower of cost and fair market value.

**(l) Accounting for Employee benefits**

- **Provident Fund**  
Provident fund is a defined contribution scheme as the Company pays fixed contribution at pre-determined rates. The obligation of the Company is limited to such fixed contribution. The contributions are charged to Profit & Loss Account.

# KHODAY INDIA LIMITED

## SCHEDULE - 22

### Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

#### Significant Accounting policies & Notes on Accounts

##### PARTICULARS

- **Gratuity**

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. Liabilities with regard to the Gratuity are determined by actuarial valuation as of the balance sheet date.

- **Leave Encashment**

The company provides for Leave Encashment, a defined benefit retirement plan covering all the employees. Liabilities with regard to the Leave Encashment are determined by actuarial valuation as of the balance sheet date.

**(m) Borrowing Cost**

Borrowing costs attributable to acquisition and construction of assets are capitalized as part of the cost of such asset up to the date when such asset is ready for its intended use. Borrowing costs 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.

**(n) Segment Reporting**

The company has considered business segment as reporting segment and accordingly identified Liquor, Glass and Contract as reporting business segments. Secondary, segmental reporting is performed on the basis of the geographical location of the customers. Accordingly segmental revenue is reported as revenue from India and from outside India.

**(o) Related Party Transactions**

The related party relationships have been classified under the heads Associates, Key Management Personnel, Relatives of Key Management Personnel and parties exercising significant Influence.

**(p) Lease**

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

**(q) Earning per Share**

- Basic earning per share has been computed with reference to Weighted Average number of Shares outstanding at monthly rests.
- Diluted Earnings per share has been computed based on the fully paid-up value of the shares issued.

**(r) Accounting for Taxes on Income**

Tax expense comprises of current income tax, deferred income tax and fringe benefit tax. Current income-tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income-tax reflects the impact of timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years.





## SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies &amp; Notes on Accounts

[Rupees in Thousands]

## PARTICULAR

Deferred tax is measured based on the Tax Laws and rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized on brought forward unabsorbed depreciation and brought forward losses only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. Deferred tax asset of earlier years is reassessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which, such deferred tax assets can be realized.

**(s) Intangible Assets**

Deferred Revenue expenditure incurred up to 31<sup>st</sup> march 2003 is amortized and being written off over a period of its benefits (quantified as five years). Similar expenditure incurred on or after 1<sup>st</sup> April 2003 can no longer be considered as an intangible asset, in terms of its definition contained in Accounting Standard -26 and is being written off as current expenses.

**(t) Impairment of Asset**

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

**(u) Provision , Contingent Liabilities and Contingent Assets**

- A present obligation, as a result of past events which could be reliably estimated, is provided in the accounts, if it is probable that there will be an outflow of resources.
- Contingent liabilities are not recognized, but are disclosed at their estimated value by way of notes in the Balance Sheet.
- Contingent Assets are neither recognized nor disclosed.

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

Sundry Debtors and Loans and Advances are stated after making adequate provision for those doubtful of recovery.

**(w) Expenditure**

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

**(x) Excise Duty**

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

2. Previous year figures have been re-grouped / re-arranged wherever necessary to conform with current year's presentation.

# KHODAY INDIA LIMITED

## SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS		2007-08		2006-07		
<b>3. Sales Turnover</b>						
S.No.	Particulars	Units	Quantity	Value	Quantity	Value
1.	Distillery - IML	B.L	4,633,620	804,432	3,462,369	657,635
2.	Glass	M.T	16,766		11,004	
	Less: Captive Consumption		7,474	-	4,249	-
			9,292	129,261	6,756	88,284
3.	RCA - IML	B.L	4,797,575	969,385	2,889,398	588,426
4.	Contract			117,000		252,000
5.	Others			7,702		6,533
	<b>Total Sales</b>			<b>2,027,780</b>		<b>1,592,878</b>
	Less: Excise Duty			819,554		561,323
	<b>Net Sales</b>			<b>1,208,226</b>		<b>1,031,555</b>
	<b>Total Income</b>			<b>1,208,226</b>		<b>1,031,555</b>
<b>4. Particulars of Materials Consumed</b>						
<b>(a) Distillery</b>						
	Barley Malt	Kgs	2,750,400	60,036	1,599,825	38,434
	Rectified Spirit	Lts	2,712,451	42,961	2,807,555	52,470
	Empty Glass Bottles	Nos.	8,213,958	49,674	6,294,692	35,980
	Cartons	Nos.	1,117,804	39,604	1,128,407	29,411
	Others			41,937		23,695
				234,212		179,990
	Less: Captive Consumption			50,242		34,294
				<b>183,970</b>		<b>145,696</b>
<b>(b) Glass</b>						
	Soda Ash	M.T	933	13,269	500	7,427
	Cullets	M.T	13,078	35,318	9,019	23,259
	Silica / Quartz Sand	M.T	2,827	3,779	1,510	2,108
	Furnace Oil	Lts	3,198,460	75,277	2,712,540	55,010
	Others			37,497		14,383
				<b>165,140</b>		<b>102,187</b>
	Less: Captive consumption			107		31
				<b>165,033</b>		<b>102,156</b>

## 42nd Annual Report 2007 - 2008



### SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

S.No.	PARTICULARS	2007-08		2006-07		
		Units	Quantity	Value	Quantity	Value
	<b>(c) RCA</b>					
	Rectified Spirit	Lts	1,314,966	73,275	1,572,815	44,048
	Empty Glass Bottles	Nos.	23,882,046	61,720	14,301,726	35,127
	Cartons	Nos.	548,647	12,504	339,166	7,451
	Others			29,922		32,232
				<b>177,421</b>		<b>118,859</b>
	Less: Captive consumption			56,430		20,405
				<b>120,991</b>		<b>98,453</b>
	<b>(d) Paper</b>	M.T	-	NIL	593	6,698
				NIL		<b>6,698</b>
	<b>(e) Contract</b>		-	NIL		23,088
				NIL		<b>23,088</b>
	<b>(f) Brewery</b>		-	1,082		NIL
				<b>1,082</b>		NIL
	<b>(g) Purchase of Goods for resale</b>					
	Distillery – IML	B.L	64800	2,618	16,200	1,984
				2,618		<b>1,984</b>
	<b>Total Consumption and Purchase for resale</b>			<b>473,694</b>		<b>378,075</b>

### 5. Inventory – Finished Goods

#### Opening Stock

Distillery – IML	B.L	400,410	50,565	380,331	54,771
Glass	M.T	1,229	16,146	2,237	38,298
Paper	M.T	24	440	28	881
RCA – IML	B.L	120,614	19,300	68,356	11,130
Contact Centre		-	NIL	-	698
			<b>86,451</b>		<b>105,778</b>

# KHODAY INDIA LIMITED

## SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS		2007-08		2006-07	
Particulars	Units	Quantity	Value	Quantity	Value
<b>Closing Stock</b>					
Distillery – IML	B.L	376,760	47,928	400,410	50,565
Glass	M.T	794	12,073	1,229	16,146
Paper	M.T	-	NIL	24	440
RCA – IML	B.L	64,752	4,544	120,614	19,300
			<b>64,545</b>		<b>86,451</b>

### 6. Licensed and Installed Capacity

#### Licensed Capacity

Distillery	N.A	N.A
Brewery	N.A	N.A
Glass	18,000 M.T	18,000 M.T
Paper	10,000 M.T	10,000 M.T
RCA	N.A	N.A
Contact Centre	N.A	N.A
Contract	N.A	N.A

#### Installed Capacity

(Installed Capacities are as certified by the management and not by the Auditor, being a technical matter)

Distillery	63,000 K.Lts	63,000 K.Lts
Glass	21,900 M.T	21,900 M.T
Paper	1,000 M.T	1,000 M.T
RCA	NA	NA
Contact Centre	NA	NA
Contract	N.A	N.A

## 42nd Annual Report 2007 - 2008



### SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

S.NO.	PARTICULARS		2007-2008		2006-2007
		Units	Quantity		Quantity
<b>7. Production</b>					
1. Distillery	B.L.	4,552,960		3,474,575	
Less: Breakages	B.L.	(7,790)	4,545,170	(8,327)	3,466,248
2. Glass	M.T		16,331		9,996
3. Paper	M.T		NIL		NIL
4. RCA -IML	B.L.		4,741,713		2,941,656
<b>8. CIF Value of Imports</b>					
Raw Materials			648		1,557
<b>9. Consumption of Imported and Indigenous Materials and Components</b>					
Imported		0.25%	1,182	0.16%	605
Indigenous		99.75%	472,512	99.84%	377,470
<b>10. Expenditure in Foreign Currency</b>					
For Travel			1,833		1,324
Communication charges			NIL		826
<b>11. Earnings in Foreign Currency</b>					
FOB Value of Exports			NIL		507

### 12. Investment in Firms : Lakshmi Estate

Name of the Patners	Total Capital	Share of Parnters	Total Capital	Share of Parnters
1. Khoday India Ltd	619,720	75.00%	620,619	75.00%
2. K.L. Srihari - HUF	50,868	6.25%	50,943	6.25%
3. K.L.Swami - HUF	52,548	6.25%	51,716	6.25%
4. K.L.Ramachandra - HUF	50,868	6.25%	50,943	6.25%
5. K.L.A.Padmanabhasa - HUF	50,868	6.25%	50,943	6.25%
<b>TOTAL</b>	<b>824,872</b>	<b>100%</b>	<b>825,165</b>	<b>100%</b>

# KHODAY INDIA LIMITED

## SCHEDULE - 22

### Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

#### Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

S.NO.	PARTICULARS	2007-2008	2006-2007
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#### 13. Employee Benefits

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

##### Defined Contribution Plan

Contribution to defined contribution plan recognized as an expense for the year.

Particulars	
Employer's Contribution to Provident Fund	4,548

##### Defined Benefit Plan

In case of Gratuity, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of post employment benefits are recognized in the Profit & Loss account and Balance Sheet is as under:

PARTICULARS		
A. Changes in the present value of the obligations	2007-2008	
Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of defined benefit obligation as at 1 <sup>st</sup> April 2007	22,324	-
Interest Cost	2,009	-
Current service cost	(6,805)	-
<b>Less:</b>		
Actuarial loss/ (gain) on obligations	(1,729)	-
Present value of defined benefit obligation as at 31 <sup>st</sup> March 2008	19,257	1,422



## SCHEDULE - 22

## Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

## Significant Accounting policies &amp; Notes on Accounts

[Rupees in Thousands]

PARTICULARS	2007-2008	
<b>B. Amount recognized in Balance Sheet</b>	<b>Gratuity (Unfunded)</b>	<b>Leave Encashment (Unfunded)</b>
Present value of defined benefit obligation as at 31 <sup>st</sup> March 2008	19,257	1,422
<b>Less:</b>		
Unrecognized past service cost	NIL	NIL
Unrecognized transitional liability	NIL	NIL
Unfunded net liability / (asset) recognized in Balance Sheet	19,257	1,422
Present value of defined benefit obligation as at 31 <sup>st</sup> March 2008	19,257	1,422
<b>C. Expenses recognized in the Profit &amp; Loss Account</b>		
Current service cost	(6,805)	NIL
Interest cost	2,009	NIL
Past service cost – Vested Benefits	NIL	NIL
Past service cost – Non vested Benefits	NIL	NIL
<b>Less:</b>		
Net Actuarial loss/(gain) recognized in the year	(1,729)	NIL
Net benefit expense	(3,067)	NIL
<b>D. Principal Actuarial assumption at the Balance sheet date</b>		
Discount rate	9%	9%
Rate of escalation in salary	4% for Staff 2% for Workers	4% for Staff 2% for Workers
Mortality rate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
Method used	PUCM	PUCM

**14. SEGMENT REPORTING**

The Company has considered Business segment as the reporting segment and accordingly identified Liquor, Glass and Contract as its Business Segments. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organizational 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. As interest cost has been included in the cost of inventory, the same has been considered as an expense in the liquor segment. The segment result has been arrived after considering the interest expense.

# KHODAY INDIA LIMITED

## SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

### PARTICULARS

#### INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

[Rupees in thousand]

#### (A) PRIMARY INFORMATION

	2007 - 2008			2006 - 2007		
	External	Inter-Segment	TOTAL	External	Inter-Segment	TOTAL
<b>SEGMENT REVENUE</b>						
Liquor	1,773,817	-	1,773,817	1,246,061	81	1,246,142
Glass	129,261	106,550	235,811	88,284	54,649	142,933
Contract	117,000	-	117,000	252,000	-	252,000
Others	7,702	229	7,931	6,533	-	6,533
<b>Total Segment</b>	<b>2,027,780</b>	<b>106,779</b>	<b>2,134,559</b>	<b>1,592,878</b>	<b>54,730</b>	<b>1,647,608</b>
Eliminations			(106,779)			(54,730)
<b>Total Revenue</b>			<b>2,027,780</b>			<b>1,592,878</b>

Segment Results	2007-08	2006-07
Liquor	278,900	78,029
Glass	(145,609)	(116,925)
Contract	117,000	228,912
Others	(46,739)	(76,889)
<b>Total</b>	<b>203,552</b>	<b>113,127</b>
Unallocated Income net of unallocated expenditure	8,149	77,630
Operating Profit	<b>211,701</b>	<b>190,757</b>
Interest Expenses	(110,057)	(77,719)
Interest / Dividend income and surplus on disposal of investments	1,055	3,867
<b>Profit before Tax</b>	<b>102,699</b>	<b>116,905</b>
Taxation for the year (including adjustment for the previous years)	(17,017)	(15,631)
<b>Net Profit after Tax</b>	<b>85,682</b>	<b>101,274</b>



# 42nd Annual Report 2007 - 2008



## SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

(B) OTHER INFORMATION	2007-2008		2006-2007		
	Particulars	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
<b>SEGMENTS</b>					
Liquor		2,758,219	1,893,642	2,773,917	1,903,794
Glass		57,054	565,295	66,804	535,559
Contract		348,258	-	232,038	-
Others		322,175	469,726	359,155	453,223
Unallocated		-	-	-	43,980
<b>Total</b>		<b>3,485,706</b>	<b>2,928,663</b>	<b>3,431,914</b>	<b>2,936,556</b>

Particulars	2007-08			2006-07		
	Depreciation	Capital Expenditure	Non cash expenses other than Depreciation	Depreciation	Capital Expenditure	Non cash expenses other than Depreciation
Liquor	13,394	42,539	-	13,470	7,539	-
Glass	6,137	5,117	-	6,211	3,151	-
Contract	779	-	-	786	-	-
Others	34,321	386	2,819	44,281	3,342	2,819
<b>Total</b>	<b>54,631</b>	<b>48,042</b>	<b>2,819</b>	<b>64,747</b>	<b>14,032</b>	<b>2,819</b>

	2007-08	2006-07
Total Assets Exclude		
<b>INVESTMENTS</b>		
Liquor	621,893	622,792
Others	21	21
<b>FIXED DEPOSITS WITH BANKS</b>		
Liquor	14,845	16,666
Glass	600	600
Others	292	323

# KHODAY INDIA LIMITED

## SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

### PARTICULARS

#### INFORMATION ABOUT GEOGRAPHICAL SEGMENTS

Secondary segment reporting is performed on the basis of the geographical location of the customers. The operations of the company in general comprise of export sale and indigenous sale. The company operates in two geographical areas namely "In India" and "Outside India". There is no revenue from the operations of the group in the "Outside India" segment during the year.

	2007-08	2006-07
<b>SEGMENT REVENUE</b>		
India	2,027,780	15,92,371
Outside India	-	507
<b>TOTAL</b>	<b>2,027,780</b>	<b>15,92,878</b>
<b>SEGMENT ASSETS</b>		
India	3,485,707	34,31,913
Outside India	-	-
<b>TOTAL</b>	<b>3,485,707</b>	<b>34,31,913</b>
<b>CAPITAL EXPENDITURE</b>		
India	48,042	14,033
Outside India	-	-
<b>TOTAL</b>	<b>48,042</b>	<b>14,033</b>

#### 15. Related Party Disclosures

The list of related parties as identified by the Management is as under:

##### Associates:

1. Acqua Borewells Pvt Ltd
2. Elkay Tradings Corporation Pvt Ltd
3. Five Brothers Marketing Pvt Ltd
4. Forest Resort (Bandipur) Ltd
5. Gayathri Foundation
6. Gayathri Holdings Pvt Ltd
7. Habib Distilleries Private Limited
8. Honeywell Investments Private Limited
9. Himalaya Distilleries Limited
10. Hercules Construction Co Pvt Ltd
11. Haryana Distilleries Limited
12. Ingo Property Developers Pvt Ltd



**SCHEDULE - 22**

**Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008**

**Significant Accounting policies & Notes on Accounts**

[Rupees in Thousands]

**PARTICULARS**

13. Jaypee Shoes Pvt Ltd
14. Kanakapura Tradings Pvt Ltd
15. Khoday Control Systems Pvt Ltd
16. Khoday Hotels Pvt Ltd
17. Khoday International Ltd
18. Khoday Industries (Hyderabad)Pvt Ltd
19. Khoday Industries (Kottayam)Pvt Ltd
20. Khoday Industries (Kuppam)Pvt Ltd
21. Khoday Industries Pvt. Ltd
22. Khoday Industries (Ropar) Pvt Ltd
23. Khodays Breweries Ltd
24. Khodays Technologies Ltd
25. L K Power Corporation Ltd
26. Khoday Properties Private Limited
27. L K Trust
28. Sri Narmada Distilleries Pvt Ltd
29. North India Distilleries Pvt Ltd
30. Ram mohan & Co Pvt Ltd
31. Spring Borewells Co Pvt Ltd
32. Surya Watch Industries Pvt Ltd
33. The Distillers Company Pvt. Ltd
34. Trishul Wineries & Distilleries Pvt Ltd
35. United Glass Bottles Mfg. Co Ltd
36. Universal Business Concepts Pvt Ltd
37. Vaishnavi Communications Pvt Ltd
38. Wescopower Generation Ltd
39. West India Distilleries Pvt Ltd
40. Coconut Groves & Holiday Resorts Pvt Ltd
41. Parsan Holiday Resorts Pvt Ltd
42. Gayathri Bottling Co Pvt Ltd
43. L K Polyfibre Ltd
44. Mcdonald Distilleries Pvt Ltd
45. National Distilleries Ltd
46. River Resorts Ltd
47. Tiger Breweries Ltd

# KHODAY INDIA LIMITED

## SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

### PARTICULARS

48. Kilara Power Projects Pvt Ltd
49. Macdonald Tradings Pvt Ltd
50. Panchaganga Tradings Pvt Ltd
51. Panchakalyanni Tradings Pvt Ltd
52. Peterscot Tradings Pvt Ltd
53. Sri Gurunath Tradings Pvt Ltd
54. Vyjayanthi Tradings Pvt Ltd
55. Honeywell Business Pvt Ltd
56. Khoday Business Pvt Ltd

#### Key Management Personnel of the Company:

57. K. L. Ramachandra (Non – Executive Chairman)
58. K. L. Srihari (Managing Director)
59. K. L. A. Padmanabhasa (Joint Managing Director)
60. K. L. Swamy (Executive Director)

#### Relatives of Key Management Personnel:

61. K. L. Ramachandra – HUF
62. K. L. Srihari – HUF
63. K. L. A. Padmanabhasa – HUF
64. K. L. Swamy – HUF
65. K. H. Gurunath
66. K. L. Narayanasa
67. K. R. Nithyanand
68. K. R. Dayanand
69. K. H. Radheshyam
70. K. H. Srinivas
71. K. P. Ganashayam
72. K. S. Brijmohan
73. K. S. Gridhar
74. Rajalakshmi Srihari
75. Gulab P Khoday
76. Lalitha Swamy Khoday
77. Padma N Khoday



**SCHEDULE - 22**

**Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008**

**Significant Accounting policies & Notes on Accounts**

[Rupees in Thousands]

**PARTICULARS**

**Significant Influence**

78. Elkay Farm
79. General Mining & Minerals
80. K Lakshmansa & Company
81. Khoday Brothers
82. Khoday Enterprises
83. Khoday Eshwarsa & Sons
84. Khoday Fashions
85. Lakshmi Estate
86. Murugan Enterprises
87. Ransh Coffee Estate
88. Sree Gurunath Panels
89. Tiruvonam Wines
90. Universal Trading Company
91. Vindhya Distilleries
92. Yajaman Enterprises
93. Saraswathi Estate
94. Vindya Distillers

# KHODAY INDIA LIMITED

## SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

The following transactions were carried out with the Related Parties during the year

PARTICULARS	For the Year 2007 - 2008				For the Year 2006 - 2007			
	Associates	Key Management Personnel	Relatives of Key Managerial Personnel	Significant Influence	Associates	Key Management Personnel	Relatives of Key Managerial Personnel	Significant Influence
<b>A. Income</b>								
Sales	134,862	-	-	1,688	7,085	-	-	2,407
Sale of Assets	7,979	-	-	-	-	-	-	-
<b>B. Expenses</b>								
Purchase of Goods / Services	38,392	-	-	-	32,408	-	-	1
Leasing Arrangement	9,492	-	1,080	5,000	9,936	-	1,080	5,000
Expense - Interest & Traveling	18,024	-	-	4,387	-	-	5,165	3,828
Purchase of Fixed Asset	36	-	-	-	-	-	-	-
<b>C. Investment</b>								
<b>In Partnership Firm</b>								
Balance Outstanding (Net) as on 31.03.2008	139,883 (Credit)	160,134 (Credit)	2,162 (Credit)	619,720 (Debit)	247,343 (Credit)	109,498 (Credit)	55,106 (Credit)	620,619 (Debit)
<b>Others</b>								
Guarantee & Collateral obtained from*	222,822	-	-	-	48,403	-	-	-

\* Includes personal guarantee obtained from significant influence and Key Management personnel and their relatives. No Amount has been written back or written off during the year in respect of amounts due to or from related parties.

### 16. Leases

The Company has taken certain assets on operating lease and certain assets on Finance Lease. The amounts of further minimal lease payments are stated below:

Particulars	2007-08	2006-07
<b>Operating Lease:</b>		
Less than 1 year	1,890	2,520
Later than 1 year & not later than 5 years	Nil	Nil
Later than 5 years	Nil	Nil
<b>Finance Lease:</b>		
Less than 1 year	1,389	658
Later than 1 year & not later than 5 years	2,937	1,317
Later than 5 years	Nil	Nil

## 42nd Annual Report 2007 - 2008



### SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS		2007-08	2006-07
<b>17. Earnings Per Share</b>			
Profit after Taxation as per Profit and Loss Account (in '000s)	A	83,468	100,359
Total Number of Shares	B	37,591,237	37,591,237
Earnings per Share - Basic (in Rs.) {A/B}		2.22	2.67
Earnings per Share - Diluted (in Rs.) {A/B}		2.22	2.67
Face Value per Share (in Rs.)		10	10

### 18. Deferred Tax

In accordance with the Accounting Standard - 22 "Accounting for Taxes on Income" the company has reviewed the deferred tax assets and liabilities. The timing differences relates mainly to depreciation and carry forward losses for the period up to 31st March 2008 resulting in a net deferred tax asset. As a measure of prudence, this net deferred tax asset as per details below has not been recognized in the financial statement.

#### Deferred Tax - Liabilities:

On Depreciation differences		8,222	11,586
On Deferred Revenue Expenditure		-	958
On Others		5,194	11,073
<b>TOTAL</b>	<b>[A]</b>	<b>13,417</b>	<b>25,617</b>

#### Deferred Tax – Assets

On provision for Entry Tax / Sales Tax		1,855	1,686
On Employees Benefits		15,296	17,946
On unabsorbed tax losses and depreciation		26	25,333
On others		-	-
<b>TOTAL</b>	<b>[B]</b>	<b>17,176</b>	<b>44,965</b>

**Net Deferred Tax Liabilities / [Assets] [A - B]**

**(3,759) (19,348)**

### 19. Contingent Liabilities

1. Claims against the company not acknowledged as debts		10,577	10,577
2. <ul style="list-style-type: none"> <li>⊙ Disputed Sales Tax not provided</li> <li>⊙ Disputed Income Tax not provided</li> </ul>		4,663	33,585
		-	53,059
3. Guarantees / Counter – Guarantees given to Bank / Financial Institutions / Government Departments		15,000	15,500

# KHODAY INDIA LIMITED

## SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS	2007-08	2006-07
<b>20. Managerial Remuneration provided or paid</b>		
Director's sitting fees	.56	17
Managerial Remuneration	*	*

\* Remuneration to Managerial personnel has not been provided

21. Information relating to small or Micro enterprises having business transaction with the Company is furnished based on the information available. Amount outstanding to Rs. 8,724 thousands (Previous Year Rs. 5,889 thousands).

1. Aditya Enterprises
2. Ambica Hardware
3. Apex Industries
4. Chembor Engineering Work
5. Dhanalakshmi Minerals
6. Emtel Glass Engineering
7. Esscee Engineering Company
8. Everest Engineers
9. G. Shama Rao
10. Geethanjali Graphics
11. Giliyal Industries
12. Govindaiah
13. I.S.Moulds & Spares
14. IS Engineers
15. Jai Maruthi & Co.
16. Jaimaruti Packaging
17. K.Chandu Rao
18. Karanja Industries Pvt Ltd.
19. Kirti Printers
20. Maleeka Enterprises
21. Naveen Prakashna
22. Paras Mineral Industries
23. Ramya Minerals
24. Shanthi Silicon Traders
25. Shree Shree Lakshmi Venkateshwara Swamy Industries
26. Shreno Ltd.
27. Sri Balaji Trading Corporation
28. Sudha Minechem Industries
29. Sudharshan Mould
30. Super Graphic 'N' Prints
31. Victory Glass & Inds. Ltd
32. Zenith Die Makers Pvt Ltd.



## 42nd Annual Report 2007 - 2008



### SCHEDULE - 22

#### Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2008

#### Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS	2007-08	2006-07
22. Income includes an actionable claim due from a contractee assigned for a consideration of Rs. 11.70 crores.		
23. The Authorized Share Capital of the company was increased from Rs.45 Crores to Rs.100 Crores by a resolution passed at the Annual General Meeting held on 17 <sup>th</sup> December 2007 to facilitate expansion programs of the company. The formalities in this regard with the concerned authorities are yet to be complied with. As the expansion programs have now been put on hold, the company has decided to rescind the resolution passed earlier in the ensuing Annual General Meeting. Hence the Authorized Capital of the company continues to be shown as Rs.45 Crores in the Financial Statements.		
24. Certain confirmation of balances from Sundry Debtors, Loans and advances, Deposits and Sundry Creditors are awaited. The accounts reconciliations of some parties where confirmation have been received are in progress. Adjustments for differences, if any, arising out of such confirmations/ reconciliations would be reckoned on receipt of such confirmations and reconciliations thereof. The Management is of the opinion that the impact of adjustments, if any, is not likely to be significant. In the opinion of the Management all current assets, loans and advances including advances in capital accounts would be realized at the values at which these are stated, in the ordinary course of business		
25. Loans and Advances include Rs. 2,50,000 thousands towards Lease Deposit given to firms in which some of the Directors are Partners.		
26. Fixed Assets includes a building with a WDV of Rs. 14,768 thousand, the title of which is under dispute before the Debt Recovery Tribunal. Pending resolution of this dispute, the company continues to reckon the Building in its financial statement.		
27. Fixed Deposit of Rs.11,763 Thousands has been pledged with the Banks towards margin money for issuance of bank guarantee.		
28. Government securities of Rs.100 thousands have been lodged with the excise department.		
29. In respect of the bottling arrangement entered into by the company, there are claims to an extent of Rs.7,828 thousands against the Company. The Company has also preferred certain counter claims against the bottler. Necessary adjustment will be made as and when the claims and counter claims are settled.		
30. Consequent to the revaluation of certain fixed assets carried out in past, there is an additional charge of depreciation amounting to Rs.27,353 thousands (Previous year Rs 27,353 thousands) . An equivalent amount has been withdrawn from Revaluation Reserve and transferred to the Profit & Loss Account.		

For and behalf of the Board

**K. L. RAMACHANDRA**  
Chairman

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

*As per our report of even date  
for Rangaraju & Associates  
Chartered Accountants*

Place: Bangalore  
Date : 01-12-2008

**R. VENKAT SUBRAMANYAN**  
Company Secretary

**KRISHNAN RANGARAJU**  
Partner  
Membership No. 18457

# KHODAY INDIA LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

[Rupees in Thousands]

PARTICULARS	2007-2008	2006-2007
<b>A. Cash flow from Operating Activities</b>		
<b>Net Profit/(Loss) before Tax</b>	<b>102,699</b>	<b>116,905</b>
<b>Adjustments for :</b>		
Depreciation	54,631	64,747
Profit on Sale of Investments	-	(3,171)
(Profit)/Loss on sale of Fixed Assets	97	(47,425)
Interest Income	(1,024)	(626)
Dividend Income	(31)	(70)
Unrealised foreign exchange (gain )/Loss		(57)
Interest & Bank Charges	119,888	123,156
Deffered Revenue Expenditure Written off	2,819	2,819
Sundry credit balances written back	(9,903)	(25,393)
Irrecoverable advances written off	288	4,953
Bad debts written off	1	1,460
Obsolete Stock written off	-	3,185
Loss from Lakshmi Estate (Partnership Firm)	898	575
<b>Operating Profit before Working Capital Changes</b>	<b>270,363</b>	<b>241,057</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Sundry Debtors	(46,595)	(16,283)
(Increase)/Decrease in Inventories	(48,366)	5,788
(Increase)/Decrease in Loans & Advances	10,500	84,889
(Increase)/Decrease in Other Current Assets	(120)	232
Increase/(Decrease ) in Other Current Liabilities	(331,344)	148,051
<b>Cash Generated from Operations</b>	<b>(145,562)</b>	<b>463,735</b>
Direct Taxes Paid (Including FBT)	(14,555)	(17,079)
Prior Period Item	(2,214)	-
<b>Net Cash from / (Used in) Operating Activities</b>	<b>(162,331)</b>	<b>446,656</b>



### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

[Rupees in Thousands]

PARTICULARS	2007-2008	2006-2007
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assests	(48,042)	(14,033)
Sale of Fixed Assets	8,015	65,250
Proceeds from Sale of Investments	-	3,214
Interest Income	1,024	626
Dividend Income	31	70
<b>Net Cash from / (Used in) Investing Activities</b>	<b>(38,972)</b>	<b>55,127</b>
<b>C Cash flow from Financial Activities</b>		
Proceeds from Long Term Borrowings	278,503	71,780
Repayment of Long Term Borrowings	(10,267)	(374,346)
Dividend Payment relating to earlier years	-	(248)
Interest & Bank Charges	(119,587)	(123,156)
<b>Net Cash flow from/(Used in) Financing Activities</b>	<b>148,649</b>	<b>(425,971)</b>
<b>Net Cash Flows during the year {A+B+C}</b>	<b>(52,654)</b>	<b>75,813</b>
<b>Cash &amp; Cash Equivalents(Opening Balance)</b>	<b>124,139</b>	<b>48,326</b>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>71,485</b>	<b>124,139</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash equivalents</b>	<b>(52,654)</b>	<b>75,813</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 outflow
3. Previous Year's figures have been re-grouped/re-arranged wherever necessary to confirm to the current Year's Presentation.

# KHODAY INDIA LIMITED

## 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  

3	1
---	---

0	3
---	---

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

### 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	0	1	1	3	4	1
---	---	---	---	---	---	---

Total Assets

2	0	1	1	3	4	1
---	---	---	---	---	---	---

#### A. Sources of Funds

Paid-up Capital

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

Reserves & Surplus

	8	1	8	7	8	2
--	---	---	---	---	---	---

Secured Loans

	6	5	6	5	1	3
--	---	---	---	---	---	---

Unsecured Loans

	1	6	0	1	3	4
--	---	---	---	---	---	---

Deferred Tax

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

#### B. Application of Funds

Net fixed Assets

	5	6	0	7	0	4
--	---	---	---	---	---	---

Capital Work In Progress

		6	0	3	5	5
--	--	---	---	---	---	---

Investments

	6	2	1	9	1	4
--	---	---	---	---	---	---

Net Current Assets

	7	6	8	3	6	8
--	---	---	---	---	---	---

Miscellaneous Expenditure

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

Accumulated Losses

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



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

Turnover

2	0	2	7	7	8	0
---	---	---	---	---	---	---

Profit Before Tax

	1	0	2	6	9	9
--	---	---	---	---	---	---

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

			2	.	2	2
--	--	--	---	---	---	---

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

			2	.	2	2
--	--	--	---	---	---	---

Total Expenditure

1	1	6	9	8	4	5
---	---	---	---	---	---	---

Profit After Tax

		8	5	6	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 : 01-12-2008

**R. VENKAT SUBRAMANYAN**  
Company Secretary

