

Forty Third
Annual Report
2008 - 2009



KHODAY INDIA LIMITED

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BOARD OF DIRECTORS

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



NOTICE

NOTICE

Notice is hereby given that the FORTY THIRD Annual General Meeting of KHODAY INDIA LIMITED, will be held on Wednesday, the 30th September 2009 at 11.00 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 31st March 2009 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr.D.V.Tikekar who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr.K.S.Giridhar 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. To consider, if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution;

“RESOLVED that Mr.K.L.Swamy, whose current term as Whole-time Director with designation as Executive Director is valid upto and inclusive of 25th April 2009, be and is hereby re-appointed as Whole-time Director designated as Executive Director of the Company for a period of 5 years from 26th April 2009 to 25th April 2014.

RESOLVED FURTHER that pursuant to Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, approval be and is hereby accorded for the re-appointment of Mr.K.L.Swamy, on the remuneration and other terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to modify, alter or amend the remuneration and other terms of re-appointment from time to time provided that such remuneration shall also be in conformity with the ceiling limits specified in Part II of Schedule XIII of Companies Act, 1956, or any statutory modifications or re-enactment thereof.

RESOLVED FURTHER that the Board of Directors or the Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper, or expedient to give effect to this resolution.”

By order of the Board
for Khoday India Limited

Place: Bangalore
Date : 31st August 2009

(R. Venkat Subramanyan)
Company Secretary

KHODAY INDIA LIMITED

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.D.V.Tikekar & Mr.K.S.Giridhar, 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 contained in this 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 share certificates in respect of such multiple folios, to the Company's Registrar M/s.Alpha Systems Private Limited, 30 "Ramana Residency, 4th Cross, Malleswaram, Bangalore – 560 003.***
- G. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 24th September 2009 to Wednesday, the 30th September 2009 (both days inclusive).

By order of the Board
For Khoday India Limited

Place: Bangalore
Date : 31st August 2009

(R. Venkat Subramanyan)
Company Secretary



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

ITEM NO: 5

Re-appointment of Mr. K.L. Swamy:

Mr.K.L.Swamy was re-appointed as Whole-time Director designated as Executive Director of the Company for a period of 5 years effective from 26th April 2004. Accordingly, his term as Whole-time Director was valid upto 25th April 2009. The Board of Directors at its meeting held on 28th February 2009, re-appointed Mr.K.L.Swamy as Whole-time Director, for a further period of 5 years from 26th April 2009 to 25th April 2014, subject to the approval of the Members at the Annual General Meeting, on the following terms as approved by the Remuneration Committee of the Board of Directors at its meeting held on 31st August 2009:

1.	Tenure	26 th April 2009 to 25 th April 2014.
2.	Salary	Rs.40,000/- (Rupees Forty Thousand Per month)
3.	Commission	1 % of the Net Profit of the Company but restricted to annual salary.
4.	Perquisites	Chauffeur driven car for official use. Free use of a mobile telephone and a fixed line telephone at residence.
		Subscription to Membership of two clubs including admission and life membership fees.
5.	Minimum remuneration	In the event of loss or inadequacy of profits in any financial year, salary as above shall be paid as minimum remuneration.
6.	Overall ceiling	In any event, the total salary, commission & perquisites shall be within the overall ceilings as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956.

Note: Profit for the purpose of the above managerial remuneration shall be as per computation under Sections 349 and 350 of the Companies Act, 1956.

Your Board recommends the adoption of resolution for the re-appointment of Mr.K.L.Swamy

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

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

(R. Venkat Subramanyan)
Company Secretary

Place: Bangalore
Date : 31st August 2009

KHODAY INDIA LIMITED

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors take pleasure in presenting the 43rd Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 2009:

FINANCIAL HIGHLIGHTS (Standalone) :

(Rs. in Lakhs)

Particulars	2008-2009	2007-2008
1. Gross Income (Inclusive of other Income & increase in value of stock)	24215.61	20920.98
Less: Excise Duty	11625.22	8195.54
2. Net Income	12590.39	12725.44
3. Profit Before Tax	(289.09)	1026.99
4. Provision for Taxation		
Current Tax	—	141.00
Fringe Benefit Tax	29.69	29.17
5. Profit after Tax	(318.78)	856.82
ADD : Income Tax for the earlier years	—	—
LESS : Prior year adjustments	29.69	22.14
6. Net Profit for the year	(348.47)	834.68
7. Appropriation		
Dividend	—	—
Dividend Tax	—	—
8. Balance carried forward	1059.14	1407.62
	1059.14	1407.62
9. EPS – basic & diluted	(0.93)	2.22

REVIEW OF PERFORMANCE:

Even though your Company's gross income has registered an increase of about 15% over the previous year, a loss of Rs.3.48 Crores has been incurred during the year, mainly on account of hike in the quantum of excise duty payment owing to enhanced rates of duty and considerable increase in the overall cost of production. However, there is a significant increase in the value of stock under maturation process, the revenue from which will be realized in due course.

Your Directors hope that the Company would turn the tide and register better performance in the next year, depending upon the prevailing market conditions.

DIVIDEND:

Your Directors regret the inability to recommend any dividend in view of the loss incurred by the Company during the financial year.

SUBSIDIARY:

Khoday Properties Private Limited, a Company in the Khoday Group became the sole and wholly owned subsidiary of the Company w.e.f. 24th April 2008.

DIRECTORS:

i) In accordance with Article 37(A) of the Articles of Association of the Company, Mr.D.V.Tikekar & Mr.Khoday Swamy Giridhar, Directors retire by rotation and being eligible have offered to be re-appointed.

ii) The present term of Mr.K.L.Swamy, Whole-time Director designated as Executive Director is valid upto 25th April 2009. At the Board Meeting held on 28th February 2009, your Directors have re-appointed Mr. Swamy for a further period of 5 years. Consent of the members is being sought both for his re-appointment and the terms thereof, at the ensuing Annual General Meeting.



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 re-appointment, if made, would be within the prescribed limits u/s 224(1B) of the Companies 1956, and that they are not disqualified for such re-appointment 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 the 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 31st March 2009 and of the loss of the Company for the period ended 31st March 2009;
- 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: 31st August 2009

Place: Bangalore

K.L. RAMACHANDRA
CHAIRMAN

KHODAY INDIA LIMITED

Annexure "A" to Directors' Report

Information pursuant the companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988

FORM – A (See Rule 2)

1. Conservation of Energy :-

- Plant load factor was maintained at the optimum level most of the time thereby achieving considerable savings in energy costs.
- Considerable utilization of power supplied by a private producer resulted in savings in power costs.
- Fans, lights and other electrical devices were switched off when not in use thereby achieving energy saving to a considerable extent.
- Installation of capacitors resulted in better power factor and the resultant savings in power costs.

PARTICULARS	31-03-2009	31-03-2008
	Glass	Glass
A. POWER & FUEL CONSUMPTION		
– Electricity		
(a) Units Purchased KWH	6912540	7219960
Amount (Rupees in '000s)	31998	33724
Rate per Unit (in Rs.)	4.63	4.67
(b) Own Generation :		
Through Diesel Generators		
Units Produced KWH	127809	125829
Rate per Unit (in Rs.)	12.58	11.78

B. CONSUMPTION PER UNIT OF PRODUCTION

Glass / MT	Electricity		Furnace Oil		LP Gas		HSD Oil	
	31-3-2009	31-3-2008	31-3-2009	31-3-2008	31-3-2009	31-3-2008	31-3-2009	31-3-2008
	459.42 units	442.08 Units	231.46Ltrs	195.84 Ltrs	25.42 Kgs	23.33 Kgs	4.59 Ltrs	2.57 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) Significant improvement in achieving better oil to glass ratio continues to be made as part of overall plans for improving better productivity through innovative adaptation of KTG Technology of United Kingdom.

b) Imported Technologies have been fully absorbed.

4. Foreign Exchange Earnings & Out Go

[in Rs. 000s]

PARTICULARS	31-03-2009	31-03-2008
A. FOREIGN EXCHANGE OUT GO	1743	1833
B. FOREIGN EXCHANGE EARNINGS	4866	–



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 2008 to 31st March 2009 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,	28,89,000/-	Contractual	As per Service Rules of the Company	M.Tech (Industrial), B.E. (Mechanical) 40 years	01 st March 2007	63 yrs	C.E.O ["] Himmel Breweries Limited, Delhi	NIL

Notes: The above mentioned employees is not related to any of the Directors of the Company.

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ANNEXURE TO DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS

- 1. Industry structure and developments:** The alcoholic beverages Industry in India is the conglomerate of Indian Made Foreign Liquor (IMFL), Beer, Wine, Country Liquor and imported alcoholic beverages. The IMFL segment of the Industry recorded a growth of about 8% during the year and your Company has kept pace with this rate of growth. The Company's premium brands of IMFL such as "Peterscot" & "Red Knight Select" and "Red Knight Reserve" brands of whisky enjoy market share of about 16%. The product distribution in most states is managed through the respective State Beverages Corporation.
- 2. Opportunities and threats:** Even though our country has not been spared from the aftermath of the global recession, the alcoholic beverage industry has by and large been spared from the negative effects of the economic down turn. The strong indicators that the overall economy has not only almost recovered but also tracing back its path of decent growth, provides the right impetus for the continued growth momentum of alcoholic beverages industry. However, the continuing increase in taxes which constitute nearly 2/3rds of shelf price of the premium brands, the absence of uniform rates of taxes and the diverse policies of the state governments on marketing and the restriction on advertising in both the print and electronic media are the major dampeners for higher rates of growth. The consistent reduction in custom duties on imported spirits resulting in 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 business operations in the product segments of Liquor, Glass & "Others" comprising miscellaneous activities. The Liquor segment clocked a revenue of Rs.215.15 Crores during the year registering an increase of Rs. 37.77 Crores over the previous year. The revenue generated from the Glass segment is Rs.11.26 Crores, which represents a decrease of about 13 % year on year. Similarly, the miscellaneous operations ("Others" segment) registered a revenue of Rs.2.07 Crores accounting for a decrease of Rs.5.62 Crores year on year.
- 4. Outlook:** The IMFL segment of the industry in particular is expected to register a growth of about 12% and your Company has plans to improve sales volumes during 2009-10 by around 25% year on year.

Business risks and mitigatory efforts: The business risks for the Company could be broadly classified as follows:

(i) Raw material procurement :- the risk of non-availability of extra neutral alcohol in adequate quantities is managed through forward contracts for uninterrupted supplies.

(ii) Timely and adequate availability of working capital:- Being in the non-priority sector under the Government policy, the Company faces the twin risk of timely availability of funds in adequate measure as also the high cost of borrowing from banks, which are managed through close monitoring of the working capital needs and timely borrowing through hard negotiations with the lenders by the top management on a regular basis.

(iii) Product prices and competition :- The Company operates in a highly competitive business environment characterized by availability of various products both domestically produced and imported, at different price points. The risk from competitive product pricing is managed through adherence to high quality standards and product differentiation

(iv) Regulatory issues :- The high incidence of taxes and the absence of the uniform regulatory regime for taxation and distribution through out the country, impedes the Company's efforts to improve its sales volumes. These issues are regularly being taken up with the Government through the industry Associations of which the Company is an active Member.



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 modest increase in gross income of about 15% year on year. However, the substantial increase of about 42% in Excise Duty payment and the overall increase in the cost of production has adversely impacted the performance. 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.

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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 3 committees of the Board viz., Audit Committee, e Share Transfer cum Shareholders/Investors Grievances Committee & Remuneration 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 :

The Board presently comprises 10 Directors of which 3 are Executive Promoter Directors, 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 30 th December 2008	No. of directorships in public companies other than Khoday India Limited	No. of memberships held in Committees of the Board of Khoday India Limited
Mr. K.L. Ramachandra	Chairman	Promoter-Non-Executive	3	Not Present	8	1-Member
Mr. K.L.Srihari	Vice Chairman & Managing Director	Promoter-Executive	7	Present	11	1-Member
Mr. K.L.A. Padmanabhasa	Joint Managing Director	Promoter-Executive	6	Present	9	-
Mr. K.L.Swamy	Executive Director	Promoter-Executive	7	Present	8	1-Member
Prof.L.R.Vagale	Director	Independent-Non Executive	7	Present	-	1-Chairman 1-Member



Name of Directors	Designation	Category	No. of Board Meetings attended	Attendance at the last AGM held on 17 th 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	7	Present	-	1-Chairman 1-Member
Mr. Dattaraya Vishwanath Tikekar	Director	Independent-Non Executive	2	Present	1	-
Mr. Khoday Swamy Giridhar	Director	Promoter – Non Executive	6	-	2	1-Chairman
Mr. Bangra Kulur Ratnakar Rao	Director	Independent-Non Executive	3	Not Present	1	-
Mr. Sudhakar Shetty	Director	Independent – Non Executive	3	Present	1	2- Member

During the financial year 2008-2009, 7 Board meetings were held viz., on 30-04-2008, 30-05-2008, 31-7-2008, 31-10-2008, 01-12-2008, 30-12-2008 & 28-02-2009.

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 RE-APPOINTED:

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

Mr. D.V. Tikekar:- Mr.Tikekar was appointed as a Director at the Annual General Meeting on 17-12-2007. Aged 72 years, Mr.,Tikekar holds a Master Degree in Commerce from University of Bombay and is also Fellow Member of the College of Commerce, Bristol, United Kingdom and a Diploma holder in International Economics from Universite Internationale, Luxembourg.

Beginning his career with National Sample Survey, Government of India, Mr.Tikekar later worked for Nowland and Co.Ltd., London before joining Kirloskar Consultants Limited where he held the position of Managing Director from 1963 till his retirement in 2000. Mr.Tikekar is the Chairman of the Board of Directors of Kirloskar Consultants Limited since 2000. Mr.Tikekar has published several papers in Economics & Business Laws and is a member of various academic, trade & commerce bodies including the Federation of Indian Chambers of Commerce & Industries.

Mr.Tikekar does not hold any shares in the Company as on 31st March 2009 as well as on 31st August 2009.

Mr. Khoday Swamy Giridhar:

Mr.Khoday Swamy Giridhar, a Scion of the Khoday Family was appointed as a Non-executive Director at the Annual General Meeting on 30-12-2008. Aged 36 years, Mr.Giridhar holds a Diploma in Civil Engineering and has been actively associated with the various facets of business in the Khoday Group. Mr.Giridhar holds 72,000 equity shares of the Company in his name as on 31st March 2009 as well as on 31st August 2009.

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Mr.Giridhar is also a Director of other 2 public companies in the Khoday Group viz., Kilara Power Limited & Khodays Breweries Limited.

Mr. Giridhar being a Non-executive Director is the Chairman of the Share Transfer cum Shareholders/ Investors' Grievances Committee of Directors of the Company.

Whole-time Director proposed to be re-appointed:

Mr.K.L. Swamy :- Mr.K.L. Swamy, aged 62 years is the youngest of the illustrious Khoday Brothers. Mr. Swamy is an Industrialist by profession, actively associated with the business conglomerate of the Khoday Group of Companies. Renowned for his business acumen, administrative skills & dynamism, the articulate Mr. Swamy who oversees the production, marketing and distribution network of the Company's products, has been the Executive Director since 28th February 1969.

Mr. Swamy is also a Member of the Share Transfer cum Shareholders/Investors Grievances Committee of Directors of the Company.

Mr. Swamy is a Director of the following public companies in the Khoday Group:

Sl.No.	Name of the Company
1.	Forest Resort (Bandipur) Limited
2.	Khodays Breweries Limited
3.	Khodays Technologies Limited
4.	L K Power Corporation Limited
5.	River Resort Limited
6.	Tiger Breweries Limited
7.	Wescopower Generation Limited
8.	Kilara Power Limited

Mr.Swamy holds 61,64,297 equity shares of the Company in his name as on 31st March 2009 as well as on 31st August 2009.

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 are 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.M.K.Paul – Independent Director & Mr.Sudhakar Shetty. The Company Secretary acts as the Secretary to the Committee. The Committee elected Mr.L.R.Vagale, Member of the Audit Committee, an Independent Director to act as its Chairman. The Audit Committee Meetings were held on 30-05-2008, 31-07-2008, 31-10-2008, 01-12-2008 & 28-02-2009.



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	5
Maj. Gen. (Retd.) M.K.Paul	Member	Independent-Non Executive	5
Mr. Sudhakar Shetty	Member	Independent - Non Executive	2

4. REMUNERATION COMMITTEE:-

The Board at its meeting held on 31st August 2009 has constituted the 'Remuneration Committee' for the purpose of considering and fixing the payment of remuneration to Whole-time Directors.

The three Independent Non-executive Directors viz., Maj.Gen.(Retd.) M.K.Paul, Prof.L.R.Vagale & Mr.Sudhakar Shetty are the Members of the Committee. At the first meeting of the Committee held on 31st August 2009, Maj.Gen.(Retd.) M.K.Paul and Prof.L.R.Vagale were present. The meeting was chaired by Maj.Gen (Retd.) Paul.

5. SHARE TRANSFER CUM SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE:

The Share transfer Cum Shareholders'/Investors' Grievance Committee comprises 3 Directors viz. Mr.K.S.Giridhar, Mr.K.LSrihari & Mr.K.L.Swamy. The members of the Committee have elected Mr. K.S.Giridhar, Non-Executive Director to act as its Chairman. Mr.R.Venkat subramanyan, Company Secretary is the Compliance Officer.

During the year, the Company received 10 complaints from shareholders all of which were redressed to the satisfaction of shareholders within 30 days of receipt.

6. GENERAL BODY MEETINGS:

Particulars of last three Annual General Meetings held:

AGM	Financial year ended	Venue	Date	Time	Special Resolution
42 nd	31-3-2008	Hotel Vaishnavi Residency, Bangalore	30-12-2008	10.30 a.m.	Yes
41 st	31-3-2007	Shravanti Kalyana Mantapa, Bangalore	17-12-2007	12.00 noon	Yes
40 th	31-3-2006	Hotel Vaishnavi Residency, Bangalore	29-09-2006	12.30 p.m.	No

KHODAY INDIA LIMITED

POSTAL BALLOT:

No resolution was passed through postal ballot, at the previous Annual General Meeting held on 30th December 2008.

No special resolution is proposed to be considered through postal ballot at the ensuing Annual General Meeting scheduled to be held on 30th September 2009.

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, of the Balance Sheet. The Company's related party transactions are generally with the other companies in the Khoday Group and the transactions are entered in to 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. 5,000/-
2.	Prof. L.R. Vagale	Rs. 12,000/-
3.	Maj. Gen. (Retd.) M .K. Paul	Rs. 12,000/-
4.	Mr. D.V. Tikekar	Rs. 2,000/-
5.	Mr. Khoday Swamy Giridhar	Rs. 6,000/-
6.	Mr. Bangra Kulur Ratnakar Rao	Rs. 3,000/-
7.	Mr. Sudhakar Shetty	Rs. 5,000/-

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 seven 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. L.R. 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 31-03-2009.



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 constituted the '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 / Financial Express / Deccan Chronicle" and Kannada daily "Udayavani"/ "Samyukta Karnataka".
- iii. The financial results are also duly filed 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 43rd Annual General Meeting is scheduled to be held on Wednesday, the 30th September 2009 at 11.00 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).
- ii. Financial year : 1st April 2008 to 31st March 2009
- iii. Book Closure Date : 24th September 2009 to 30th September 2009 (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
 - b. Bangalore Stock Exchange Ltd
Stock Exchange Towers,
51, 1st Cross, J C Road
Bangalore-560 027
Phone No: 91-80-41575262

KHODAY INDIA LIMITED

- c. Madras Stock Exchange Ltd
"Exchange Building"
11, Second Line Beach
Chennai-600 001
Phone No: 91-44-5228951

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:

Month	Share Price		BSE Sensex	
	High	Low	High	Low
April-08	162.30	99.00	17480.74	15297.96
May-08	171.45	125.00	17735.70	16196.02
June-08	138.15	100.00	16632.72	13405.54
July-08	104.75	75.60	15130.09	12514.02
Aug-08	101.65	74.30	15579.78	14002.43
Sept-08	80.00	45.45	15107.01	12153.55
Oct-08	47.75	31.40	13203.86	7697.39
Nov-08	42.00	30.25	10945.41	8316.39
Dec-08	45.85	28.00	10188.54	8467.43
Jan-09	41.60	28.35	10469.72	8631.60
Feb-09	34.95	26.05	9724.87	8619.22
Mar-09	28.25	21.00	10127.09	8047.17

- viii. Registrar and Share Transfer Agent:

M/s.Alpha Systems Private Limited,
30, Ramana Residency,
4th 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 Shareholders/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 despatched 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 routine correspondence connected with share transfers / transmissions etc. are attended to by the Registrar. 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 31st March 2009:-

Category	No.of Share holders	No. of Shares held	% of Shareholding
Individuals (including NRIs)	17571	3500437	9.31
Companies	252	329147	0.88
Promoters and Associated Companies	48	33660216	89.54
FII/Foreign Nationals	1	2000	0.01
Mutual Funds, Fis, Banks	8	4527	0.01
NSDL/CDSL Clearing Member	54	94910	0.25
Total	17934	37591237	100.00

b) Distribution of shareholding by size as on 31-03-2009:-

Range of Shares	No. of Share holders	% of Share holders	No. of Shares Held	% of Shareholding
1 - 500	17090	92.59	2041546	5.43
501 - 1000	409	2.28	323789	0.86
1001 - 2000	189	1.05	286807	0.76
2001 - 3000	67	0.37	167681	0.45
3001 - 4000	32	0.18	114857	0.31
4001 - 5000	24	0.13	113606	0.30
5001 -10000	44	0.25	309832	0.82
10001 & ABOVE	79	0.44	34233119	91.07
Total	17934	100.00	37591237	100.00

KHODAY INDIA LIMITED

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.

26,13,613 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",
7th 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 31st March 2009 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 31st March 2009, 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 : 31.08.2009

KHODAY INDIA LIMITED

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 2009, 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 31st March 2009 and taken on record by the Board of Directors, We report that none of the Directors is disqualified as on 31st March, 2009 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 of affairs of the company as at 31st March 2009,
 - b. In the case of the Profit and Loss Account, of the *Loss* for the year ended on that date, and
 - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for Rangaraju & Associates
Chartered Accountants

KRISHNAN RANGARAJU
Partner
Membership No. 18457

Place : Bangalore
Date : 31.08.2009



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.
- (b) The Company has not taken loans, secured or unsecured, from companies and firms which have been listed in the register maintained under section 301 of the Companies Act, 1956
- 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. 1,785.41 Lakhs and the year end balance of such loan is Rs. 1,018.44 Lakhs.
- (c) In our opinion, according to the information and explanation given to us, the loan taken from the Directors are interest free and the terms and conditions are not, prima facie, prejudicial to the interest of the Company.
- (d) Since there is no stipulation as to the repayment of principal and interest, 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 control 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.

KHODAY INDIA LIMITED

(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 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 as per 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, professional tax, Service Tax, Income Tax, Tax collected at source and Tax deducted at source, where it is not regular.

(b) According to information and explanation given to us, excepting for Rs.4.14 lakhs towards Sales Tax/Value Added Tax, Rs. 1.87 lakhs towards Tax Collected at Source, Rs 3.46 lakhs towards Service Tax Rs. 10.67 lakhs towards Fringe Benefit Tax, Rs. 0.06 lakhs towards Professional Tax and Rs. 0.39 lakhs towards TDS, there are no other undisputed amounts payable in respect of statutory dues which have remained outstanding as at 31st March 2009 for a period of more than six month from the date they became payable. However, the entire dues have been paid subsequently.

(c)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 for F.Y. 2002-03	47.49	Joint Commissioner of Commercial Taxes (Appeal) Bangalore.
Karnataka Sales Tax Act, 1957	Sales tax F.Y 2003-04	31.30	Joint Commissioner of Commercial Taxes (Appeal) Bangalore.
Karnataka Sales Tax Act, 1957	Sales tax F.Y 2004-05	2.09	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 not defaulted in repayment of principal and interest dues to the bank or any financial institutions.
- 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 raised.
- 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 : 31.08.2009

KHODAY INDIA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

[Rupees in Thousands]

PARTICULARS	Schedule No.	As at 31-03-2009	As at 31-03-2008
SOURCES OF FUNDS			
1. SHARE HOLDERS' FUNDS			
[a] Share Capital	1	375,912	375,912
[b] Reserves & Surplus	2	763,077	818,782
2. LOAN FUNDS			
[a] Secured Loans	3	962,023	656,513
[b] Unsecured Loans	4	101,844	160,134
TOTAL:		2,202,856	2,011,341
APPLICATION OF FUNDS			
3. FIXED ASSETS			
[a] Gross Block	5	1,448,774	1,436,045
[b] Less: Depreciation		944,260	875,341
[c] Net Block		504,514	560,704
[d] Work in Progress		63,515	60,355
4. INVESTMENTS			
	6	620,394	621,914
5. CURRENT ASSETS, LOANS & ADVANCES			
[a] Inventories	7	688,422	585,475
[b] Sundry Debtors	8	302,965	325,438
[c] Cash & Bank Balances	9	75,684	71,485
[d] Other Current Assets	10	484	404
[e] Loans & Advances	11	450,955	434,598
		1,518,510	1,417,400
6. LESS: CURRENT LIABILITIES & PROVISIONS			
[a] Current Liabilities	12	466,421	614,996
[b] Provisions	13	37,656	34,036
		504,077	649,032
7. NET CURRENT ASSETS			
		1,014,433	768,368
8. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	14	-	-
TOTAL:		2,202,856	2,011,341

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 : 31.08.2009

R. VENKAT SUBRAMANYAN
Company Secretary

KRISHNAN RANGARAJU
Partner
Membership No. 18457



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

[Rupees in Thousands]

PARTICULARS	Schedule No.	For the year ended 31-03-2009	For the year ended 31-03-2008
INCOME:			
Sales (Gross)	15	2,284,857	2,027,780
Less: Excise Duty		1,162,523	819,554
Sales (Net)		1,122,334	1,208,226
Other Income	16	45,041	11,464
Increase / (Decrease) in Stock	17	91,665	52,854
TOTAL:- [A]		1,259,040	1,272,544
EXPENDITURE:			
Consumption of Materials and Purchase for resale	18	554,223	473,694
Mfg, Administrative & Selling Expenses	19	407,718	414,386
Personnel Expenses	20	141,348	107,246
Interest & Bank Charges	21	136,452	119,888
Depreciation :			
For the year		69,065	81,984
LESS: Transfer from Revaluation reserve		20,858	27,353
		48,207	54,631
TOTAL:- [B]		1,287,948	1,169,845
PROFIT/(LOSS) BEFORE TAXATION [A-B]		(28,908)	102,699
LESS: Provision for Taxation - Current Income Tax		-	14,100
- Current Fringe Benefit Tax		2,970	2,917
PROFIT/(LOSS) AFTER TAXATION		(31,878)	85,682
Prior year adjustments		2,969	2,214
NET PROFIT / (LOSS) FOR THE YEAR		(34,847)	83,468
ADD : Balance brought forward		140,762	57,294
Balance carried to Balance Sheet		105,915	140,762
Basic and Diluted Earnings Per Share (in Rupees) (Refer Note-17)		(0.93)	2.22
Significant Accounting Policies and Notes on Accounts	22		

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 : 31.08.2009

R. VENKAT SUBRAMANYAN
Company Secretary

KRISHNAN RANGARAJU
Partner
Membership No. 18457

KHODAY INDIA LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009	As at 31-03-2008
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
4,50,00,000 (Previous year 4,50,00,000) Equity Shares of Rs. 10/- each	450,000	450,000
ISSUED		
3,81,34,237 (Previous year 3,81,34,237) Equity Shares of Rs 10/- each	<u>381,342</u>	<u>381,342</u>
SUBSCRIBED AND PAID UP		
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>
Total...	<u>375,912</u>	<u>375,912</u>
SCHEDULE - 2		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	<u>190,918</u>	<u>190,918</u>
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	<u>531</u>	<u>531</u>
SHARE PREMIUM ACCOUNT		
As per last Balance Sheet	<u>115,463</u>	<u>115,463</u>
GENERAL RESERVE		
As per last Balance Sheet	<u>134,379</u>	<u>134,379</u>
Add : Transferred from Debenture Redemption Reserve	<u>50,000</u>	<u>-</u>
As at the end of the financial year	<u>184,379</u>	<u>134,379</u>
REVALUATION RESERVE		
As per last Balance Sheet	<u>186,729</u>	<u>214,083</u>
Less : Transferred to Profit & Loss Account	<u>20,858</u>	<u>27,353</u>
As at the end of the financial year	<u>165,871</u>	<u>186,729</u>
DEBENTURE REDEMPTION RESERVE		
As per last Balance Sheet	<u>50,000</u>	<u>50,000</u>
Less : Transferred to General Reserve	<u>50,000</u>	<u>-</u>
As at the end of the financial year	<u>-</u>	<u>50,000</u>
PROFIT & LOSS ACCOUNT		
Surplus from Profit & Loss Account	<u>105,915</u>	<u>140,762</u>
Total...	<u>763,077</u>	<u>818,782</u>

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SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009	As at 31-03-2008
SCHEDULE - 3		
SECURED LOANS:		
a. From Banks - i - Cash Credits	617,121	418,401
ii - Term Loans	327,871	222,822
iii - Hire Purchase	8,982	7,454
b. Other Loans & Advances		
i - From Others	2,162	2,249
c. Interest Accrued and Due	5,887	5,587
Total	962,023	656,513

(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 some of the directors are interested / trustees/ partners and Further secured by the immovable property of some the Directors and their relatives and by personal guarantee of some of the directors and their relatives and corporate guarantees of some entities in which the directors are interested.

(a) (ii) Term Loan from banks includes

(1) Rs 11.62 Lacs (Previous Year Rs 228.22 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 1753.14 lacs (Previous Year Rs 2000 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 company in which some of the directors are members 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 land and building of a division of the company and further secured by personal guarantee of some of the Directors.

(3) Rs 1513.95 Lacs (Previous Year Rs Nil Lacs) secured by hypothecation of Maturation stock and further secured by first charge by way of mortgage

KHODAY INDIA LIMITED

SCHEDULE TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009	As at 31-03-2008
-------------	---------------------	---------------------

of immovable property of a company in which some of the directors are members 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 land and building of a division of the company and further secured by personal guarantee of some of the Directors.

(a) (iii) Hire Purchase loans from banks Rs 89.82. Lacs(Previous year Rs 74.54 Lacs) is secured by hypothecation of vehicles.

(b) Other Loans & Advances includes Rs 4.93 Lacs (Previous year Rs 5.80 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 of a Division of the Company.

SCHEDULE - 4

UNSECURED LOANS

Others Loans and Advances

- From Directors

101,844

160,134

TOTAL

101,844

160,134

SCHEDULE - 5

FIXED ASSETS

SL No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2008	Additions	Sale / Deductions	As on 31.03.2009	As on 01.04.2008	For the year	With drawn	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
1	Land	33,417	-	-	33,417	-	-	-	-	33,417	33,417
2	Buildings	407,905	-	-	407,905	125,416	14,524	-	139,940	267,965	282,489
3	Plant & Machinery	503,614	3,833	500	506,947	420,372	24,945	146	445,171	61,777	83,242
4	Furniture & Fixtures Other Office Equipments	379,545	3,400	-	382,945	238,143	23,515	-	261,658	121,287	141,402
5	Vehicles	111,564	5,996	-	117,560	91,410	6,081	-	97,491	20,068	20,154
	Total . . .	1,436,045	13,229	500	1,448,774	875,341	69,065	146	944,260	504,514	560,704
	Previous Year	1,424,981	20,691	9,627	1,436,045	799,565	81,984	6,208	875,341	560,704	625,416
6	Capital Work-in-Progress	60,355	3,160	-	63,515	-	-	-	-	63,515	60,355
	Previous Year -	37,696	27,351	4,692	60,355	-	-	-	-	60,355	37,696

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SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS			As at 31-03-2009	As at 31-03-2008	
SCHEDULE - 6					
INVESTMENTS:					
LONG TERM:					
(A) Govt. Securities			256	256	
TOTAL { A }			256	256	
(B) QUOTED - EQUITY SHARES (FULLY PAID-UP)					
TRADE INVESTMENTS - LONG TERM:					
	Face Value of Each Share	No of Shares 31.03.2009	31.03.2008		
Excell Glass Limited	10	500	500	5	5
Shaw Wallace and Co Ltd	10	500	500	2	2
United Breweries Limited	1	377	200	5	0
United Breweries Holding Ltd.	10	562	562	3	2
Sub Total				15	9
NON-TRADE INVESTMENTS - LONG TERM:					
Chowgule Steam Ship Limited	10	-	17500	-	400
GTC Industries Limited	10	-	160	-	1
Godfrey Phillips India Limited	10	-	1600	-	14
Gulf Oil Corporation Limited	10	1,860	1860	7	7
Nestle India Ltd	10	-	76	-	-
State Bank of Travancore	100	-	280	-	168
Sub Total				7	590
Total.. { B }				22	599
AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS			199	5,108	
(C) UNQUOTED - EQUITY SHARES (FULLY PAID-UP)					
TRADE INVESTMENTS - LONG TERM:					
Alembic Glass Industries Limited	10	33	33	4	4
Artos Breweries Limited	10	225	225	2	2
Arlem Breweries Limited	10	150	150	1	1
Jupiter Breweries Limited	10	300	300	3	3
Pilsener Breweries Limited	10	100	100	2	2
Punjab Breweries Limited	10	250	250	3	3
Himalaya Distilleries Ltd	10	12,500	12500	125	125
United Glass Bottles Mfg Co Ltd	10	13,650	13650	137	137
Khoday Industries Pvt Ltd	1000	480	480	480	480
Sub Total				757	757

KHODAY INDIA LIMITED

SCHEDULE TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS				As at 31-03-2009	As at 31-03-2008
TRADE INVESTMENTS - LONG TERM :					
GL Hotels Limited	10	900	900	5	5
Kasturi Foods & Chemicals Limited	10	5,000	5000	50	50
MOI Engineering Limited	10	1,400	1400	10	10
Metal Box India Limited	10	365	365	4	4
Modern Syntex (India) Ltd	10	400	400	12	12
Panchakala Malt Limited	10	100	100	1	1
Sub Total				<u>82</u>	<u>82</u>
UNQUOTED - PREFERENCE SHARES (FULLY PAID-UP)					
NON-TRADE INVESTMENTS - LONG TERM :					
Kirosker Consultants Ltd (15% Redeemable Cumulative Preference Shares)	100	5,000	5000	500	500
Total.. {C}				<u>1,339</u>	<u>1,339</u>
(D) INVESTMENTS IN SUBSIDIARIES : (Shares)					
Khoday Properties Pvt. Ltd.	10	10,000	-	100	-
Total.. {D}				<u>100</u>	<u>-</u>
(E) INVESTMENTS IN FIRMS :					
Lakshmi Estate				618,677	619,720
Total.. {E}				<u>618,677</u>	<u>619,720</u>
TOTAL INVESTMENTS AT COST {A+B+C+D+E}				<u>620,394</u>	<u>621,914</u>
SCHEDULE - 7					
INVENTORIES :					
(As valued and certified by the Management)					
Stores, Spares and Fuel				4,708	4,536
Raw Materials & Goods Purchased for Resale				106,229	95,118
Semi-Finished Goods				500,986	421,276
Finished Goods				76,499	64,545
Total..				<u>688,422</u>	<u>585,475</u>

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SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009	As at 31-03-2008
SCHEDULE - 8		
SUNDRY DEBTORS :		
(Unsecured, Considered Good in respect of which the company holds no security other than debtors personal security)		
Outstanding for more than Six Months	77,139	72,540
Other Debts	225,826	252,898
(Unsecured, Considered Doubtful)		
Outstanding for more than six months	928	928
LESS: Provision for Doubtful Debts	(928)	(928)
Total..	302,965	325,438
SCHEDULE - 9		
CASH AND BANK BALANCES :		
Cash on hand and in transit	40,839	34,758
Cheques and Drafts in Hand	140	4,849
Balances with Scheduled Banks		
- In Current Account	21,689	16,142
- In Deposit Accounts	13,016	15,736
Total..	75,684	71,485
SCHEDULE - 10		
OTHER CURRENT ASSETS :		
Interest Accrued on Fixed Deposits	484	404
Total..	484	404
SCHEDULE - 11		
LOANS & ADVANCES :		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	389,632	387,533
(in respect of which the company holds no security other than customers personal security)		
Balance with Excise Authorities	25,519	11,088
Deposit - Others	35,804	35,977
TOTAL	450,955	434,598

KHODAY INDIA LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009	As at 31-03-2008
SCHEDULE - 12		
CURRENT LIABILITIES :		
Sundry Creditors		
- For Trade	63,830	69,104
- For Capital Goods	28,820	29,343
- For Expenses & Others	110,525	147,516
- Due to Micro and Small enterprises	7,530	8,724
Advance from customers	71,021	54,119
Unclaimed dividends	821	867
Trade Deposit Received	-	15,000
Other liabilities	183,874	290,323
TOTAL	466,421	614,996
SCHEDULE - 13		
PROVISIONS :		
For Taxation (Net of Advance Tax Rs. 35,764 thousands, Previous year Rs. 35,520 thousands)	709	902
For Retirement Benefits	28,203	20,679
For Excise Duty	8,740	12,451
For Diminution in value of investment	4	4
TOTAL	37,656	34,036
SCHEDULE - 14		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	-	2,819
Less : Written off during the year	-	2,819
Total..	-	-
SCHEDULE - 15		
SALES		
Distillery - IML	2,151,475	1,773,818
Glass	112,622	129,261
Contract	-	117,000
Others	20,760	7,701
Total..	2,284,857	2,027,780

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SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2009	For the year ended 31-03-2008
SCHEDULE - 16		
OTHER INCOME		
Interest received (Gross) (TDS Rs 170050 Previous Year Rs. 168780)	1,324	1,024
Dividend on Investments	46	31
Misc. Income	1,870	504
Profit on Sale of Fixed Assets	-	2
Profit on Sale investment	3,272	-
Foreign Exchange Fluctuation Gain	8	-
Sundry Credit balance written back	38,521	9,903
Total..	45,041	11,464
SCHEDULE - 17		
INCREASE / (DECREASE) IN STOCK CLOSING STOCK:		
Finished Goods	76,499	64,544
Semi-finished Goods	500,986	421,276
Total.. {A}	577,485	485,820
OPENING STOCK:		
Finished Goods	64,544	86,451
Semi-finished Goods	421,276	346,515
Total.. {B}	485,820	432,966
Increase / (Decrease) in Stock (A - B)	91,665	52,854
SCHEDULE - 18		
CONSUMPTION OF RAW MATERIALS & PURCHASE FOR RESALE		
OPENING STOCK		
Distillery	84,886	80,636
Goods Purchased for Resale	175	176
Glass	10,057	16,038
Brewery	-	1,082
Total.. {A}	95,118	97,932

KHODAY INDIA LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2009	For the year ended 31-03-2008
ADD: PURCHASES		
Distillery	387,955	309,209
Glass	175,124	159,053
Purchase for Resale	2,254	2,618
Total.. { B }	565,333	470,880
LESS: CLOSING STOCK		
Distillery	97,079	84,886
Glass	8,564	10,057
Goods Purchased for Resale	585	175
Total.. { C }	106,228	95,118
Consumption and purchase for resale (A+B-C)	554,223	473,694
SCHEDULE - 19		
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES :		
Power, Fuel & Lighting Charges	78,539	86,417
Rent	11,890	17,731
Rates & Taxes	26,469	31,431
Insurance	1,977	2,945
Repairs & Maintenance :		
- Electrical	1,673	1,404
- Plant & Machinery	8,956	8,093
- Buildings	1,687	2,880
- Vehicles	11,527	19,071
- Others	5,835	4,295
Freight, Octroi & Storage Exps	51,645	46,459
Lease Rent	14,615	14,492
Travelling & Conveyance	23,023	20,146
Printing & Stationery	4,109	3,318
Postage, Telephone & Telegram	6,333	6,529
Books & Periodicals	91	247
Security Service Charges	7,142	6,413
Legal & Professional Charges	30,770	34,185
Directors Sitting Fees	79	44
Auditors Remuneration		
- For Statutory Audit	552	562

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SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT - YEAR ENDED 31-03-2009

[Rupees in Thousands]

PARTICULARS	For the year ended 31-03-2009	For the year ended 31-03-2008
Cost Audit Fees	20	20
Donation	1,189	723
Commission & Discount on Sales	57,679	58,663
Sales Promotion	45,540	25,432
Advertisement	6,438	9,754
Service Charges	569	1,367
Miscellaneous Expenses	8,268	7,644
Share of Loss in Partnership Firm	1,044	898
Irrecoverable advances written off	4	288
Bad Debts	-	1
Loss on sale of asset	55	97
Exchange Variation	-	18
Deferred revenue expenses written off	-	2,819
Total..	<u>407,718</u>	<u>414,386</u>

SCHEDULE - 20

PERSONNEL EXPENSES

Salaries, Wages, Gratuity, Bonus and leave encashment	122,088	90,384
Staff Welfare Expenses	12,825	11,479
Contribution to P.F. and Other Funds	6,435	5,383
Total..	<u>141,348</u>	<u>107,246</u>

SCHEDULE - 21

INTEREST & BANK CHARGES :

INTEREST

On Term Loan	40,123	4,760
On Others	91,856	105,297
BANK CHARGES	4,473	9,831
TOTAL..	<u>136,452</u>	<u>119,888</u>

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009 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

(b) Basis of Preparation

The financial statements have been prepared to comply with material respects regarding all accounting standards notified by Companies (Accounting Standard) rules, 2006 and the relevant provisions of the Companies Act, 1956.

(c) Estimates and Assumptions

Preparation of Financial Statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities at the date of the Balance Sheet and the reported amounts of income and expenses during the reporting period. Examples include provision for doubtful debts, useful life of assets, etc. Actual results may differ from these estimates.

(d) 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 and 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.

(e) 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 Fixed Deposit) held with banks.

(f) Events occurring after the Balance Sheet Date

Assets 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.

(g) 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 / Loss 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.



SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009
Significant Accounting policies & Notes on Accounts

PARTICULARS

- **Extra Ordinary items:**
Extraordinary items, if any, are accounted in accordance with Accounting Standard – 5
- (h) **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 Distillery Division acquired prior to 31st March 1999 and the 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 and up to the date of sale / transfer, respectively. Plant & Machinery costing Rs.5,000/- and 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.
- (i) **Revenue Recognition**
 - Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with the dispatch of goods to the customers. 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.
 - Income from services is recognized in accordance with the terms of the contract.
- (j) **Accounting for Fixed Assets**
Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, and includes inward freight, duties and taxes and incidental expenses related to acquisition and improvements. 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.
- (k) **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.
- (l) **Accounting for Investments**
 - Long term investments are valued at cost. Provision is made to recognize a diminution other than temporary, in the value of each long-term investment.
 - Current Investments are stated at lower of cost and fair value.
- (m) **Accounting for Employee benefits**
 - **Provident Fund**
Provident fund is a defined contribution scheme as the Company pays fixed contribution at

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009 Significant Accounting policies & Notes on Accounts

PARTICULARS

pre-determined rates. The obligation of the Company is limited to such fixed contribution. The contributions are charged to Profit & Loss Account.

- **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 at 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.

(n) **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.

(o) **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 and accordingly segmental revenue is reported as revenue from India and from outside India.

(p) **Related Party Transactions**

The related party relationships have been classified under the heads Subsidiary, Key Management Personnel and their related parties and Entities over which Key Management Personnel and / or their related parties are able to exercise significant influence

(q) **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.

(r) **Earnings per Share**

- Basic earnings 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 basic earnings adjusted for all dilutive potential equity shares.

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

Tax expense comprises of current, deferred 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



SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009
Significant Accounting policies & Notes on Accounts

PARTICULARS

taxable income and accounting income for the year and reversal of timing differences of earlier years.

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 unabsorbed depreciation and carried 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.

(t) Intangible Assets

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

(u) 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 an increase in the estimate of recoverable value.

(v) Provisions , 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.

(w) Sundry Debtors / Loans and Advances

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

(x) Expenditure

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

(y) 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 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 the current year's presentation.

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS		2008-09	2007-08			
3. Sales Turnover						
S.No.	Particulars	Units	Quantity	Value	Quantity	Value
1.	Distillery - IML	B.L	4,661,875	860,167	4,633,620	804,432
2.	Glass	M.T	14,817		16,766	
	Less: Captive Consumption	M.T	7,967		7,474	
			6,850	112,622	9,292	129,261
3.	RCA - IML	B.L	4,996,525	1,291,308	4,797,575	969,385
4.	Contract			-		117,000
5.	Others			20,760		7,702
	Total Sales			2,284,857		2,027,780
	Less: Excise Duty			1,162,523		819,554
	Net Sales			1,122,334		1,208,226
	Total Income			1,122,334		1,208,226
4. Particulars of Materials Consumed						
(a) Distillery						
	Barley Malt	Kgs.	2,072,260	54,674	2,750,400	60,036
	Rectified Spirit	Lts	1,954,000	76,179	2,712,451	42,961
	Empty Glass Bottles	Nos.	8,748,032	60,825	8,213,958	49,674
	Cartons	Nos.	822,064	38,474	1,117,804	39,604
	Others			49,854		41,937
				280,006		234,212
	Less: Captive Consumption			60,051		50,242
				219,955		183,970
(b) Glass						
	Soda Ash	M.T	891	16,902	933	13,269
	Cullets	M.T	11,844	34,271	13,078	35,318
	Silica / Quartz Sand	M.T	2,925	4,661	2,827	3,779
	Furnace Oil	Lts	3,482,700	84,876	3,198,460	75,277
	Others			35,907		37,497
				176,617		165,140
	Less: Captive consumption		-		107	
				176,617		165,033

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SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS		2008-09		2007-08		
S.No.	Particulars	Units	Quantity	Value	Quantity	Value
(c)	RCA					
	Rectified Spirit	Lts	2,561,660	101,705	1,314,966	73,275
	Empty Glass Bottles	Nos.	25,363,573	77,290	23,882,046	61,720
	Cartons	Nos.	605,404	15,025	548,647	12,504
	Others			35,887		29,922
				229,907		177,421
	Less: Captive consumption			74,100		56,430
				155,807		120,991
(d)	Others		–	–	–	1,082
			–	–	–	1,082
(e)	Purchase of Goods for resale					
	Distillery	B.L	28,980	1,844	64,800	2,618
				1,844		2,618
	Total Consumption and Purchase for resale			554,223		473,694

5. Inventory – Finished Goods

Opening Stock

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	–	–	24	440
RCA – IML	B.L	64,752	4,544	120,614	19,300
			64,545		86,451

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS		2008-09		2007-08	
Particulars	Units	Quantity	Value	Quantity	Value
Closing Stock					
Distillery – IML	B.L	359,378	44,425	376,760	47,928
Glass	M.T	1,024	16,767	794	12,073
RCA – IML	B.L	164,815	15,307	64,752	4,544
			<u>76,499</u>		<u>64,545</u>

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	NA	NA

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SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

S.NO.	PARTICULARS		2008-2009		2007-2008
		Units		Quantity	Quantity
7. Production					
1. Distillery	B.L	4,622,164		4,552,960	
Less: Breakages	B.L	(6,651)	4,615,513	(7,790)	4,545,170
2. Glass	M.T		15,046		16,331
3. RCA - IML	B.L		5,096,588		4,741,713
8. CIF Value of Imports					
Raw Materials			2,603		648
9. Consumption of Imported and Indigenous Materials and Components					
Imported		1.09%	6,061	0.25%	1,182
Indigenous		98.91%	548,162	99.75%	472,512
10. Expenditure in Foreign Currency					
For Travel			1,743		1,833
11. Earnings in Foreign Currency					
FOB Value of Exports			4,866		-

12. Investment in Firms : Lakshmi Estate

Name of the Patners	Total Capital	Share of Parnters	Total Capital	Share of Parnters
1. Khoday India Ltd	618,677	75.00%	619,720	75.00%
2. K.L. Srihari - HUF	50,781	6.25%	50,868	6.25%
3. K.L.Swami - HUF	53,482	6.25%	52,548	6.25%
4. K.L.Ramachandra - HUF	50,781	6.25%	50,868	6.25%
5. K.L.A.Padmanabhasa - HUF	50,781	6.25%	50,868	6.25%
TOTAL	824,502	100%	824,872	100%

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

S.NO.	PARTICULARS	2008-2009	2007-2008
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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		5,132	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 as under:

A. Changes in the present value of the obligations

Particulars	2008-09		2007-08	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of defined benefit obligation	19,257	1,422	22,324	-
Interest Cost	1,541	114	2,009	-
Current service cost	7,615	(52)	(6,805)	-
Less:				
Actuarial loss/ (gain) on obligations	(1,767)	74	(1,729)	-
Present value of defined benefit obligation	26,646	1,558	19,257	1,422



SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

Particulars	2008-09		2007-08	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
B. Amount recognized in Balance Sheet				
Present value of defined benefit obligation	26,646	1,558	19,257	1,422
Less:				
Unrecognized past service cost	-	-	-	-
Unrecognized transitional liability	-	-	-	-
Unfunded net liability / (asset) recognized in Balance Sheet	26,646	1,558	19,257	1,422
Present value of defined benefit obligation	26,646	1,558	19,257	1,422
C. Expenses recognized in the Profit & Loss Account				
Current service cost	7,615	(52)	(6,805)	-
Interest cost	-	-	2,009	-
Past service cost – Vested Benefits	1,541	114	-	-
Past service cost – Non vested Benefits	-	-	-	-
Less:				
Net Actuarial loss/(gain) recognized in the year	(1,767)	74	1,729	-
Net benefit expense	7,389	136	(3,067)	-
D. Principal Actuarial assumption at the Balance sheet date				
Discount rate	8%	8%	9%	9%
Rate of escalation in salary	4% for Staff 2% for Workers	4% for Staff 2% for Workers	4% for Staff 2% for Workers	4% for Staff 2% for Workers
Mortality rate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
Method used	PUCM	PUCM	PUCM	PUCM

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS

14. SEGMENT REPORTING

(A) PRIMARY INFORMATION

	2008 - 2009			2007 - 2008		
	External	Inter-Segment	TOTAL	External	Inter-Segment	TOTAL
SEGMENT REVENUE						
Liquor	2,151,475	–	2,151,475	1,773,817	–	1,773,817
Glass	112,622	134,107	246,729	129,261	106,550	235,811
Contract	–	–	–	117,000	–	117,000
Others	20,760	44	20,804	7,702	229	7,931
Total Segment	2,284,857	134,151	2,419,008	2,027,780	106,779	2,134,559
Eliminations			(134,151)			(106,779)
Total Revenue			2,284,857			2,027,780

Segment Results	2008-09	2007-08
Liquor	250,680	278,900
Glass	(169,887)	(145,609)
Contract	–	117,000
Others	(19,881)	(46,739)
Total	60,912	203,552
Unallocated Income net of unallocated expenditure	37,517	8,149
Operating Profit	98,429	211,701
Interest Expenses	(131,979)	(110,057)
Interest / Dividend income and surplus on disposal of investments	4,642	1,055
Profit before Tax	(28,908)	102,699
Taxation for the year (including adjustment for the previous years)	(2,970)	(17,017)
Net Profit after Tax	(31,878)	85,682

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SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

(B) OTHER INFORMATION	2008-2009		2007-2008		
	Particulars	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
SEGMENTS					
Liquor		2,919,441	2,029,664	2,758,219	1,893,642
Glass		56,784	600,857	57,054	565,295
Contract		347,491	–	348,258	–
Others		291,852	477,688	322,175	469,726
Total		3,615,568	3,108,409	3,485,706	2,928,663

SEGMENTS	2008-09			2007-08		
	Depreciation	Capital Expenditure	Non cash expenses other than Depreciation	Depreciation	Capital Expenditure	Non cash expenses other than Depreciation
Liquor	15,510	14,065	–	13,394	42,539	–
Glass	4,152	2,324	–	6,137	5,117	–
Contract	–	–	–	779	–	–
Others	28,545	–	–	34,321	386	2,819
Total	48,207	16,389	–	54,631	48,042	2,819

	2008-09	2007-08
Total Assets Exclude		
INVESTMENTS		
Liquor	620,373	621,893
Others	21	21
FIXED DEPOSITS WITH BANKS		
Liquor	12,124	14,845
Glass	600	600
Others	292	292

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS

Secondary segment reporting is performed on the basis of the geographical location of the customers. The operations of the company comprise of indigenous sale and export sale. The company operates in two geographical areas namely "In India" and "Outside India".

	2008-09	2007-08
SEGMENT REVENUE		
India	2,279,991	2,027,780
Outside India	4,866	—
TOTAL	2,284,857	2,027,780
SEGMENT ASSETS		
India	3,615,568	3,485,707
Outside India	—	—
TOTAL	3,615,568	3,485,707
CAPITAL EXPENDITURE		
India	16,390	48,042
Outside india	—	—
TOTAL	16,390	48,042

15. Related Party Disclosures

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

Subsidiary:

1. Khoday Properties Private Limited

Key Management Personnel and their related parties:

2. K. L. Ramachandra (Non - Executive Chairman)
3. K. L. Srihari (Managing Director)
4. K. L. A. Padmanabhasa (Joint Managing Director)
5. K. L. Swamy (Executive Director)
6. K. L. Ramachandra - HUF
7. K. L. Srihari - HUF
8. K. L. A. Padmanabhasa - HUF
9. K. L. Swamy - HUF



SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

PARTICULARS

10. K. H. Gurunath
11. Estate of Late. K. L. Narayanasa
12. K. R. Nithyanand
13. K. R. Dayanand
14. K. H. Radheshyam
15. K. H. Srinivas
16. K. P. Ganashayam
17. K. S. Brijmohan
18. K. S. Gridhar
19. Rajalakshmi Srihari
20. Gulab P Khoday
21. Lalitha Swamy Khoday
22. Padma N Khoday

Entities over which key Management Personnel and / or their related parties are able to exercise significant influence:

23. Acqua Borewells Private Limited
24. Elkay Tradings Corporation Private Limited
25. Five Brothers Marketing Private Limited
26. Forest Resort (Bandipur) Limited
27. Gayathri Foundation
28. Gayathri Holdings Private Limited
29. Honeywell Investments Private Limited
30. Hercules Construction Company Private Limited
31. Ingo Property Developers Private Limited
32. Jaypee Shoes Private Limited
33. Kanakapura Tradings Private Limited
34. Khoday Control Systems Private Limited
35. Khoday Hotels Private Limited
36. Khoday Brothers International Limited
37. Khoday Industries (Hyderabad) Private Limited
38. Khoday Industries (Kottayam) Private Limited
39. Khoday Industries (Kuppam) Private Limited

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

PARTICULARS

40. Khoday Industries Private Limited
41. Khoday Industries (Ropar) Private Limited
42. Khodays Breweries Limited
43. Khodays Technologies Limited
44. L K Power Corporation Limited
45. L K Trust
46. Sri Narmada Distilleries Private Limited
47. North India Distilleries Private Limited
48. Ram mohan & Company Private Limited
49. Spring Borewells Company Private Limited
50. Surya Watch Industries Private Limited
51. The Distillers Company Private Limited
52. Trishul Wineries & Distilleries Private Limited
53. United Glass Bottles Manufacturing Company Limited
54. Universal Business Concepts Private Limited
55. Vaishnavi Communications Private Limited
56. Wescopower Generation Limited
57. West India Distilleries Private Limited
58. Coconut Groves & Holiday Resorts Private Limited
59. Parsan Holiday Resorts Private Limited
60. Gayathri Bottling Company Private Limited
61. L K Polyfibre Limited
62. Mcdonald Distilleries Private Limited
63. National Distilleries Limited
64. River Resorts Limited
65. Tiger Breweries Limited
66. Kilara Power Limited
67. Macdonald Tradings Private Limited
68. Panchaganga Tradings Private Limited
69. Panchakalyanni Tradings Private Limited
70. Peterscot Tradings Private Limited
71. Sri Gurunath Tradings Private Limited
72. Vyjayanthi Tradings Private Limited



SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

PARTICULARS

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

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

Particulars	2008-09			2007-08		
	Subsidiary	Key Management Personnel and their related parties	Entities over which Key Management Personnel and / or their related parties are able to exercise significant influence	Subsidiary	Key Management Personnel and their related parties	Entities over which Key Management Personnel and / or their related parties are able to exercise significant influence
A. Income						
Sales	-	-	7,993	-	-	136,550
Sales of assets	-	-	306	-	-	7,979
Royalty received	-	-	968	-	-	-
B. Expenses						
Purchase of Goods / Services	-	-	53,027	-	-	38,392
Leasing Arrangement / Rent	-	1,080	14,615	-	1,080	14,492
Expenses - Travelling, Sales promotion and others	-	-	14,623	-	-	22,411
Purchase of fixed asset	-	-	-	-	-	36
C. Payment made for acquisition of Shares of Khoday Properties Pvt Ltd ("Subsidiary")	-	100	-	-	-	-
D. Investment in Partnership firm						
Balance as on 31.03.2009	-	103,140 (Credit)	618,677 243,144 (Debit)	-	- 162,296 (Credit)	619,720 75,303 (Debit)
Others						
Guarantee and Collateral Obtained from *	-	943,992	-	-	222,822	-

* - includes Personal guarantee obtained from entities over which key management personnel are able to exercise significant influence, Key management Personnel and their related parties

NOTE: No Amount has been written back or written off during the year in respect of amounts due to or from related parties



SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS		2008-09	2007-08
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:			
Operating Lease:			
Less than 1 year		1,260	1,890
Later than 1 year & not later than 5 years		Nil	Nil
Later than 5 years		Nil	Nil
Finance Lease:			
Less than 1 year		5,150	1,389
Later than 1 year & not later than 5 years		5,788	2,937
Later than 5 years		Nil	Nil
17. Earnings Per Share			
Profit after Taxation as per Profit and Loss Account (in '000s)	A	(34,847)	83,468
Total Number of Shares	B	37,591,237	37,591,237
Earnings per Share - Basic (in Rs.) {A/B}		(0.93)	2.22
Earnings per Share - Diluted (in Rs.) {A/B}		(0.93)	2.22
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 reviewed tax assets and liabilities. The timing differences relates mainly to depreciation and carry forward losses for the period up to 31st March 2009 resulting in a net deferred tax asset. As a measure of prudence, this net deferred tax asset has not been recognized in the financial statement. The details are as below:-			
Deferred Tax - Liabilities:			
On Depreciation differences		4,297	8,222
On Prepaid License Fees		9,103	5,194
TOTAL	[A]	13,400	13,417
Deferred Tax – Assets			
On provision for Entry Tax / Sales Tax		807	1,855
On Employees Benefits		15,001	15,296
On unabsorbed tax losses and depreciation		8,115	26
On Allowance in the future years upon payment of TDS		2,326	-
TOTAL	[B]	26,249	17,176
Net Deferred Tax Liabilities / [Assets] [A - B]		(12,849)	(3,759)

KHODAY INDIA LIMITED

SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS	2008-09	2007-08
19. Contingent Liabilities		
1. Claims against the company not acknowledged as debts	11,649	10,577
2. Disputed Sales Tax not provided	8,089	4,663
3. Guarantees / Counter – Guarantees given to Bank / Financial Institutions / Government Departments	16,000	15,000
20. Payments made or provided for Directors		
Director's sitting fees	79	56
Managerial Remuneration	*	*

* Remuneration to Managerial personnel has not been provided

21. Information relating to Micro, Medium and Small enterprises having business transaction with the Company is furnished based on the information available amount outstanding to Rs. 7,529 thousands (Previous Year Rs 8,724 thousands).

1. Apex Industries
2. Chembor Engineering Work
3. Dhanalakshmi Minerals
4. Esscee Engineering Company
5. Everest Engineers – Poona
6. Giliyal Industries, Bangalore
7. I.S.Moulds & Spares
8. IS Engineers
9. Jai Maruthi & Company
10. Jaimaruti Packaging
11. Karanja Industries Private Limited
12. Kirti Printers
13. Maleeka Enterprises – Bangalore
14. Naveen Prakashna - Blr
15. Paras Mineral Industries
16. Ramya Minerals
17. Shanthi Silicon Traders
18. Shree Shree Lakshmi Venkateshwara Swamy Industries
19. Shreno Limited
20. Sri Balaji Trading Corpom., Bangalore
21. Sudha Minechem Industries
22. Sudharshan Mould- Mumbai
23. Super Graphic 'N' Prints-B'lore
24. Victory Glass & Inds. Limited - Blr

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SCHEDULE - 22

Schedule forming part of Balance Sheet and Profit and Loss Account - Year Ended 31.3.2009

Significant Accounting policies & Notes on Accounts

[Rupees in Thousands]

PARTICULARS	2008-09	2007-08
22. Certain confirmation of balances from Sundry Debtors, Loans and advances, Deposits and Sundry Creditors are awaited. The accounts reconciliations of some parties where confirmations have been received are in progress. Adjustments for differences, if any, arising out of such confirmations/reconciliations would be made in the accounts 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 accounts, in the ordinary course of business.		
23. Loans and Advances include Rs. 2,50,000 thousands towards Lease Deposit given to firms in which some of the Directors are Partners.		
24. Fixed Assets includes a building with a WDV of Rs. 14,029 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 as an asset in its financial statement.		
25. Fixed Deposit of Rs.13,016 thousands has been pledged with the Banks towards margin money for issuance of bank guarantee.		
26. Government securities of Rs.100 thousands have been lodged with the excise department.		
27. 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.		
28. Consequent to the revaluation of certain fixed assets carried out in 1998-99, there is an additional charge of depreciation amounting to Rs.2,08,58 thousands (Previous year Rs 2,73,53 thousands) and an equivalent amount has been withdrawn from Revaluation Reserves and credited 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 : 31.08.2009

R. VENKAT SUBRAMANYAN
Company Secretary

KRISHNAN RANGARAJU
Partner
Memembership No. 18457

KHODAY INDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

[Rupees in Thousands]

PARTICULARS	2008-2009	2007-2008
A. Cash flow from Operating Activities		
Net Profit Before Tax	(28,908)	102,699
Adjustments for		
Depreciation	48,207	54,631
Loss/(Profit) on sale of Investments	(3,272)	-
Loss/(Profit) on sale Fixed Assets	55	97
Interest Income	(1,155)	(1,024)
Dividend Income	(46)	(31)
Interest & Bank Charges	136,452	119,888
Deferred Revenue Expenditure Written off	-	2,819
Sundry credit balances written back	(38,521)	(9,903)
Irrecoverable advances written off	4	288
Bad debts written off	-	1
Loss from Lakshmi Estate (Partnership Firm)	1,044	898
Unrealised Foreign Exchange	(42)	-
Operating Profit Before Working Capital Changes	113,818	270,363
Adjustments for:		
(Increase)/Decrease in Sundry Debtors	22,305	(46,595)
(Increase)/Decrease in Inventories	(102,947)	(48,366)
(Increase)/Decrease in Loans & Advances	(16,362)	10,500
(Increase)/Decrease in Other Current Assets	(344)	(120)
Increase/(Decrease) in Current Liabilities & Provisions	(106,272)	(331,344)
Cash Generated from Operations	(89,802)	(145,562)
Income Tax Paid		
- Direct Tax Paid	250	(11,638)
- Current Fringe Benefit Tax	(2,917)	(2,917)
- Prior year adjustments	(2,969)	(2,214)
Net Cash from / (Used in) Operating Activities	(95,438)	(162,331)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

[Rupees in Thousands]

PARTICULARS	2008-2009	2007-2008
B. Cash Flow from Investing activity		
Purchase of Fixed Assets	(13,229)	(48,042)
Sale of Fixed Assets	300	8,015
Capital Work In Progress (WIP)	(3,160)	-
Purchase of Investments	(105)	-
Proceeds from Sale of Investments	3,855	-
Interest Income (Gross)	1,120	1,024
Dividend Income	46	31
Net Cash from / (Used in) Investing Activities	(11,173)	(38,972)
C. Cash flow from Financial Activities		
Proceeds from Long Term Borrowings	305,296	278,503
Repayment of Long Term Borrowings	(58,377)	(10,267)
Interest & Bank Charges	(136,152)	(119,587)
Net Cash flow from/(Used in) Financing Activities	110,767	148,649
Net Cash Flows during the year {A+B+C}	4,156	(52,654)
Cash & Cash Equivalents(Opening Balance)	71,485	124,139
Cash & Cash Equivalents (Closing Balance)	75,684	71,485
Increase / (Decrease) in Cash & Cash equivalents	4,199	(52,654)
Unrealised Foreign Currency (US \$) held in Hand	(42)	-
Net Increase / (Decrease) in Cash & Cash equivalents	4,157	(52,654)

Notes:

1. Cash Flow statement has been prepared under the Indirect method as set out in Accounting standard-3.
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								
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>1</td></tr></table>	3	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>3</td></tr></table>	0	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>0</td><td>0</td><td>9</td></tr></table>	2	0	0	9
3	1									
0	3									
2	0	0	9							

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

Public Issue

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

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

2	2	0	2	8	5	6
---	---	---	---	---	---	---

Total Assets

2	2	0	2	8	5	6
---	---	---	---	---	---	---

A. Sources of Funds

Paid-up Capital

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

Reserves & Surplus

	7	6	3	0	7	7
--	---	---	---	---	---	---

Secured Loans

	9	6	2	0	2	3
--	---	---	---	---	---	---

Unsecured Loans

	1	0	1	8	4	4
--	---	---	---	---	---	---

Deferred Tax

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

B. Application of Funds

Net fixed Assets

	5	0	4	5	1	4
--	---	---	---	---	---	---

Capital Work In Progress

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

Investments

	6	2	0	3	9	4
--	---	---	---	---	---	---

Net Current Assets

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

Miscellaneous Expenditure

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

Accumulated Losses

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



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

Turnover

2	2	8	4	8	5	7
---	---	---	---	---	---	---

Profit Before Tax

(2	8	9	0	8)
---	---	---	---	---	----

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

(0	.	9	3)
---	---	---	---	----

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

(0	.	9	3)
---	---	---	---	----

Total Expenditure

1	2	8	7	9	4	8
---	---	---	---	---	---	---

Profit After Tax

(3	1	8	7	8)
---	---	---	---	---	----

Dividend Rate %

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

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES

Product Discription

Item code No. (ITC Code)

IML

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

PAPER
(Uncoated Paper & Paper Boards)

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

K. L. RAMACHANDRA
Chairman

K. L. SRIHARI
Vice - Chairman &
Managing Director

Place: Bangalore
Date : 31.08.2009

R. VENKAT SUBRAMANYAN
Company Secretary

KHODAY INDIA LIMITED

Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956, relating to Subsidiary Company.

1. Name of the Subsidiary	Khoday Properties Private Limited
2. Date on which control was acquired	24 th April 2008
3. Financial year ended	31 st March 2009
4. Holding Company's interest in the Subsidiary	10,000 Equity shares of Rs.10 each (100%)
5. Net aggregate amount of the losses of the Subsidiary not dealt with in the Holding Company's accounts	
a) For the financial year of the Subsidiary Company	Rs. 894,148
b) For the previous financial years since it became a Subsidiary Company	Not Applicable
6. Net aggregate amount of the Profits\Losses of the Subsidiary dealt with in the Holding Company's accounts	
a) For the financial year of the Subsidiary Company	Nil
b) For the previous financial years since it became a Subsidiary Company	Nil

K. L. RAMACHANDRA
Chairman

K. L. SRIHARI
Vice - Chairman &
Managing Director

R. VENKAT SUBRAMANYAN
Company Secretary



REPORT OF THE AUDITOR

To the Members of Khoday Properties Private Limited

1. We have audited the attached Balance Sheet of **Khoday Properties Private limited** as at 31st March 2009, 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 31st March 2009 and taken on record by the Board of Directors, We report that none of the Directors is disqualified as on 31st March, 2009 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 of affairs of the company as at 31st March 2009,
 - b. In the case of the Profit and Loss Account, of the Loss for the year ended on that date, and
 - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for Rangaraju & Associates
Chartered Accountants

KRISHNAN RANGARAJU
Partner
Membership No. 18457

Place : Bangalore
Date : 31.08.2009

KHODAY PROPERTIES PRIVATE LIMITED

ANNEXURE TO THE AUDITOR'S REPORT.

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

- i. The company does not have any fixed asset and hence Clauses (i) (a), (i) (b) and (i) (c) of paragraph 4 of the Companies (Auditors Report) order, 2003 are not applicable to the Company
- ii. The company does not have any inventory and hence Clauses (ii) (a), (ii) (b) and (ii) (c) of paragraph 4 of the Companies (Auditors Report) order, 2003 are not applicable to the Company.
- 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 listed in the register maintained under section 301 of the Companies Act, 1956
- iv. In our opinion and according to the information and explanations given to us, the company has neither purchased any Inventory or Fixed Assets nor sold goods and services and hence reporting on the Internal Control system for the above said transactions does not arise. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. (a) According to the information and explanations given to us, there were no particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 which have not been entered in the register required to be maintained under that section. Accordingly, Clause (v) (b) of paragraph 4 of the Companies (Auditors Report) order, 2003 is not applicable to the Company.
- 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. The Paid up capital and reserves did not exceed Rupees Fifty lakhs as at beginning of the financial year concerned and the average turnover does not exceed Rupees Five crores for a period of three consecutive financial years preceding the financial year concerned. Accordingly, Clause (vii) of paragraph 4 of the Companies (Auditors Report) order, 2003 is not applicable to the Company.
- viii. According to the information and explanations given to us the maintenance of Cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 for the product of the Company.
- ix. (a) According to the information and explanations given to us and as per our verification of the records of the company, in our opinion, the company is generally regular in depositing undisputed statutory dues except Fringe Benefit Tax and TDS.
(b) According to information and explanation given to us, excepting for Rs. 3,074 towards Fringe Benefit Tax and Rs. 5,150 towards TDS, there are no other undisputed amounts payable in respect of statutory dues which have remained outstanding as at 31st March 2009 for a period of more than six months from the date they became payable. However, the entire dues have been paid subsequently.
(c) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.



- x. The company has been registered for a period less than five years. Accordingly, Clause (x) of paragraph 4 of the Companies (Auditors Report) order, 2003 is not applicable to the Company.
- xi. The Company has not borrowed from financial institutions or banks or issued debentures during the year. Accordingly, Clause (xi) of paragraph 4 of the Companies (Auditors Report) order, 2003 is not applicable to the Company.
- 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 (xiii) of paragraph 4 of the Companies (Auditors Report) order, 2003 is 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, Clause (xiv) of paragraph 4 of the Companies (Auditors Report) order, 2003 is 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. Accordingly, Clause (xv) of paragraph 4 of the Companies (Auditors Report) order, 2003 is not applicable to the Company.
- xvi. According to the records of the Company, the company has not obtained any term loans. Accordingly, Clause (xvi) of paragraph 4 of the Companies (Auditors Report) order, 2003 is not applicable to the Company.
- 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 : 31.08.2009

KHODAY PROPERTIES PRIVATE LIMITED

KHODAY PROPERTIES PRIVATE LIMITED BALANCE SHEET AS AT 31ST MARCH, 2009

[in Rupees]

PARTICULARS	Schedule No.	As at 31-03-2009	As at 31-03-2008
SOURCES OF FUNDS			
1. SHARE HOLDERS' FUNDS			
Share Capital	1	100,000	100,000
TOTAL:		100,000	100,000
APPLICATION OF FUNDS			
2. CURRENT ASSETS, LOANS & ADVANCES			
Cash & Bank Balances	2	70,094	58,334
Loans & Advances	3	140,385	-
		210,479	58,334
3. LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	4	2,041,318	981,938
Provisions	5	49,763	2,717
Net Current Assets		(1,880,602)	(926,321)
4. MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)	6	267,770	267,770
Profit and Loss Account		1,712,832	758,551
TOTAL :		100,000	100,000
Notes on Accounts	7		
The schedules referred to above form an integral part of the Balance Sheet			

for and behalf of the Board

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

K. L. SRIHARI
Director

K.L. SWAMY
Director

KRISHNAN RANGARAJU
Partner
Membership No. 18457

Place: Bangalore
Date : 31.08.2009


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

[in Rupees]

PARTICULARS	Schedule No.	As at 31-03-2009	As at 31-03-2008
INCOME		-	
		-	
ADMINISTRATIVE EXPENSES			
R O C Filing Fee		6,800	5,000
Audit Fee for Statutory Audit		10,000	10,000
Professional Charges		1,000	55,150
Telephone expenses		14,016	5,116
Travelling expenses		15,000	35,592
Vehicle Maintenance		23,277	10,138
Printing & Stationery		-	90
Miscellaneous Expense		337	-
PERSONNEL EXPENSES			
Salaries , Gratuity , Bonus and Leave encashment		857,427	620,998
Staff Welfare		20,880	11,900
INTEREST & BANK CHARGES			
Bank Charges		20	1,850
		948,757	755,834
Profit/(Loss) before Taxation		(948,757)	(755,834)
Less : Provision for Taxation		-	-
Fringe Benefit Tax		5,524	2,717
Profit/(Loss) after Taxation		(954,281)	(758,551)
Add: Balance brought forward from previous year		(758,551)	-
Balance carried to Balance Sheet		(1,712,832)	(758,551)
Basics Earnings per share (in Rupees)		(95.43)	(75.86)

Notes on Accounts

7

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

for and behalf of the Board

 As per our report of even date
for Rangaraju & Associates
Chartered Accountants
K. L. SRIHARI
 Director

K.L. SWAMY
 Director

KRISHNAN RANGARAJU
 Partner
 Membership No. 18457

 Place: Bangalore
 Date : 31.08.2009

KHODAY PROPERTIES PRIVATE LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH , 2009

[in Rupees]

PARTICULARS	As at 31-03-2009	As at 31-03-2008
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED:		
20,00,000 Equity Shares of Rs.10/- each	20,000,000	20,000,000
ISSUED, SUBSCRIBED AND PAID UP:		
10,000 Equity Shares of Rs. 10 each fully paid up (Of the above 10000 Equity Shares (Previous Year - Nil) of Rs. 10 - each is held by the Holding company - Khoday India Ltd.)	100,000	100,000
Total...	100,000	100,000
SCHEDULE - 2		
CASH AND BANK BALANCES		
Cash in Hand	64,230	55,230
Balance with Scheduled Banks- In Current Account	5,864	3,104
	70,094	58,334
SCHEDULE - 3		
LOANS AND ADVANCES		
(unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	140,385	-
Total...	140,385	-
SCHEDULE - 4		
CURRENT LIABILITIES		
Sundry Creditors - For Expenses	106,915	88,122
Advance Payments for which value is still to be given	1,908,510	879,202
Other Liabilities	25,893	14,614
Total...	2,041,318	981,938
SCHEDULE - 5		
PROVISIONS		
Provision for Fringe Benefit Tax	5,523	2,717
Provision for Retirement Benefits	44,240	-
	49,763	2,717
SCHEDULE - 6		
MISCELLANEOUS EXPENDITURE		
Pre - operative expenses	267,770	267,770
Total...	267,770	267,770



SCHEDULE - 7

Schedule forming part of Balance Sheet and Profit and Loss Account

Significant Accounting policies & Notes on Accounts

(a) **Accounting Convention and Basis of Preparation:**

The Financial Statements have been prepared under the Historical Cost Convention. The financial statements have been prepared to comply with all material respects regarding all accounting standards notified by Companies (Accounting Standard) rules, 2006 and the relevant provisions of the Companies Act, 1956.

(b) **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 Fixed Deposit) held with banks.

(c) **Event occurring after the Balance Sheet Date**

Assets 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.

(d) **Accounting for Employee benefits**

The accounting for Retirement Benefits for the employees is done on Actual liability basis, as the number of employee at present is only one. The company proposes to adopt actuarial valuation basis for provision in future depending on the increase in human resources.

(e) **Related Party Transactions**

The related party relationships have been classified under the heads Holding Company, Key Management Personnel and Entities over which Key Management Personnel are able to exercise significant influence.

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

Holding Company

1. Khoday India Limited

Key Management Personnel

1. K L Srihari
2. K L A Padmanabhasa
3. K L Swamy

Entities over which key Management Personnel are able to exercise significant influence:

1. Khoday Eshwarsa & Sons
2. L K Trust

KHODAY PROPERTIES PRIVATE LIMITED

SCHEDULE - 7

Schedule forming part of Balance Sheet and Profit and Loss Account Significant Accounting policies & Notes on Accounts

(Amount in Rupees)

Particulars	2008-09	2007-08
	Entities over which Key Management Personnel are able to exercise significant influence	Entities over which Key Management Personnel are able to exercise significant influence
Balance at the end of the year (Cr.)	1,908,510	879,202

NOTE: No Amount has been written back or written off during the year in respect of amounts due to or from related parties.

(f) Earning per Share

- Basic earning per share has been computed with reference to Weighted Average number of Shares outstanding at monthly rests.

(g) Accounting for Taxes on Income

Tax expense comprises of current, deferred 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.

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 losses only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. The details are as below:-

(Amount in Rs.)

Particulars	2008-09	2007-08
Deferred Tax - Assets		
On Employees Benefits	16,319	—
On unabsorbed tax losses and depreciation	5,10,399	2,56,908
TOTAL	5,26,718	2,56,908

(h) 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.



SCHEDULE - 7

Schedule forming part of Balance Sheet and Profit and Loss Account
Significant Accounting policies & Notes on Accounts

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

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

(j) **Expenditure**

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

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

(l) The other requirements of Part II to Schedule VI of the Companies Act, 1956, are not given, since the same are not applicable.

for and behalf of the Board

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

K. L. SRIHARI
Director

K.L. SWAMY
Director

KRISHNAN RANGARAJU
Partner
Membership No. 18457

Place: Bangalore
Date : 31.08.2009

KHODAY PROPERTIES PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

[in Rupees]

PARTICULARS	2008-2009
A. Cash flow from Operating Activities	
Net Profit Before Tax	(948,757)
Adjustments for	
Bank Charges	20
	-
Operating Profit Before Working Capital Changes	(948,737)
Adjustments for:	
(Increase)/Decrease in Loans & Advances	(140,385)
Increase/(Decrease) in Current Liabilities	1,059,380
Increase/(Decrease) in Provisions	44,239
Cash Generated from Operations	14,497
Income Tax Paid	
- Direct Tax Paid + FBT	(2,717)
Net Cash from / (Used in) Operating Activities	11,780
B. Cash Flow from Investing activity	
Net Cash from / (Used in) Investing Activities	-
C. Cash flow from Financial Activities	
Interest & Bank Charges	(20)
Net Cash flow from/(Used in) Financing Activities	(20)
Net Cash Flows during the year {A+B+C}	11,760
Cash & Cash Equivalents(Opening Balance)	58,334
Cash & Cash Equivalents (Closing Balance)	70,094
Net Increase / (Decrease) in Cash & Cash equivalents	11,760



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. : State Code :

Balance Sheet Date

Date Month Year

II CAPITAL RAISED DURING THE YEAR (Amount in Rupees)

Public Issue

Bonus Issue

Rights Issue

Private Placement

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

Total Liabilities

Total Assets

A. Sources of Funds

Paid-up Capital

Secured Loans

Unsecured Loans

Reserves & Surplus

Deferred Tax

B. Application of Funds

Net fixed Assets

Investments

Miscellaneous Expenditure

Capital Work In Progress

Net Current Assets

Accumulated Losses

IV PERFORMANCE OF THE COMPANY (Amount in Rupees)

Turnover

Profit Before Tax

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

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

Total Expenditure

Profit After Tax

Dividend Rate %

V GENERIC NAME OF SERVICE

Property Development & Building Construction

Item code No. (ITC Code)

KHODAY INDIA LIMITED (Consolidated Financial Statement)

REPORT OF THE AUDITOR

To the Board of Directors of Khoday India Limited

1. We have audited the attached consolidated balance sheet of Khoday India limited ('the Company') and it's Subsidiary (collectively called 'the Group') as at 31st March 2009, the consolidated profit and loss account and also the consolidated 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 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. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements prescribed in the Companies (Accounting Standards) Rules, 2006.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March 2009,
 - b. In the case of the consolidated profit and loss account, of the *loss* of the Group for the year ended on that date, and
 - c. In the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

for Rangaraju & Associates
Chartered Accountants

KRISHNAN RANGARAJU
Partner
Membership No. 18457.

Place : Bangalore
Date : 31.08.2009



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

[Rupees in Thousands]

PARTICULARS	Schedule No.	As at 31-03-2009
SOURCES OF FUNDS		
1. SHARE HOLDERS' FUNDS		
[a] Share Capital	1	375,912
[b] Reserves & Surplus	2	762,182
2. LOAN FUNDS		
[a] Secured Loans	3	962,023
[b] Unsecured Loans	4	101,844
T O T A L :-		2,201,961
APPLICATION OF FUNDS		
3. FIXED ASSETS :-	5	
[a] Gross Block		1,448,774
[b] Less: Depreciation		944,260
[c] Net Block		504,514
[d] Work in Progress		63,515
4. INVESTMENTS	6	620,294
5. GOODWILL ON CONSOLIDATION		818
6. CURRENT ASSETS, LOANS & ADVANCES		
[a] Inventories	7	688,422
[b] Sundry Debtors	8	302,965
[c] Cash & Bank Balances	9	75,754
[d] Other Current Assets	10	484
[e] Loans & Advances	11	451,095
		1,518,720
7. LESS: CURRENT LIABILITIES & PROVISIONS		
[a] Current Liabilities	12	468,462
[b] Provisions	13	37,706
		506,168
8. NET CURRENT ASSETS		1,012,552
9. MISCELLANEOUS EXPENDITURE	14	268
(To the extent not written off or adjusted)		
T O T A L :-		2,201,961
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 : 31.08.2009

R. VENKAT SUBRAMANYAN
Company Secretary

KRISHNAN RANGARAJU
Partner
Membership No. 18457

KHODAY INDIA LIMITED (Consolidated Financial Statement)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

[Rupees in Thousands]

PARTICULARS	Schedule No.	As at 31-03-2009
INCOME :-		
Sales (Gross)	15	2,284,857
Less: Excise Duty		1,162,523
Sales (Net)		1,122,334
Other Income	16	45,041
Increase / (Decrease) in Stock	17	91,665
TOTAL :-	[A]	1,259,040
EXPENDITURE :-		
Consumption of Materials and Purchase for resale	18	554,223
Mfg, Administrative & Selling Expenses	19	407,789
Personnel Expenses	20	142,226
Interest & Bank Charges	21	136,452
Depreciation :		
For the Year		69,065
Less: Transfer from Revaluation reserve		20,858
		48,207
TOTAL :-	[B]	1,288,897
PROFIT/(LOSS) BEFORE TAXATION	[A-B]	(29,857)
LESS: Provision for Taxation - Current Income Tax		-
- Current Fringe Benefit Tax		2,975
PROFIT/(LOSS) AFTER TAXATION		(32,832)
Prior year adjustments		2,969
NET PROFIT/(LOSS) FOR THE YEAR		(35,801)
Less :Transferred to Good will Account		(60)
ADD: Balance Brought forward		140,761
Balance carried to Balance Sheet		105,020
Basic and Diluted Earnings per Share (in Rupee) Refer Note - 7		(0.95)
Significant Accounting Policies and Notes on Accounts	22	
The schedules referred to above form an integral part of 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 : 31.08.2009

R. VENKAT SUBRAMANYAN
Company Secretary

KRISHNAN RANGARAJU
Partner
Membership No. 18457

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Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009
SCHEDULE - 1	
SHARE CAPITAL	
AUTHORISED	
4,50,00,000 Equity Shares of Rs.10/- each	450,000
ISSUED	
3,81,34,237 Equity Shares of Rs 10/- each	381,342
SUBSCRIBED AND PAID UP	
3,75,91,237 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)	375,912
Total...	375,912
SCHEDULE - 2	
RESERVES AND SURPLUS	
CAPITAL RESERVE	
As per last Balance Sheet	190,919
CAPITAL REDEMPTION RESERVE	
As per last Balance Sheet	531
SHARE PREMIUM ACCOUNT	
As per last Balance Sheet	115,463
GENERAL RESERVE	
As per last Balance Sheet	134,379
Add : Transferred from Debenture Redemption Reserve	50,000
As at the end of the financial year	184,379
REVALUATION RESERVE	
As per last Balance Sheet	186,728
Less : Transferred to Profit & Loss Account	20,858
As at the end of the financial year	165,870
DEBENTURE REDEMPTION RESERVE	
As per last Balance Sheet	50,000
Less : Transferred to General Reserve	50,000
As at the end of the financial year	-
PROFIT & LOSS ACCOUNT	
Surplus from Profit & Loss Account	105,020
Total...	762,182

KHODAY INDIA LIMITED (Consolidated Financial Statement)

Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009
SCHEDULE - 3	
SECURED LOANS :	
a. From Banks - i - Cash Credits	617,121
ii - Term Loans	327,871
iii - Hire Purchase	8,982
b. Other Loans & Advances	
i - From Others	2,161
c. Interest Accrued and Due	5,887
Total	962,023

(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 some of the directors are interested / trustees/ partners and Further secured by the immovable property of some the Directors and their relatives and by personal guarantee of some of the directors and their relatives and corporate guarantees of some entities in which the directors are interested.

(a) (ii) Term Loan from banks includes

(1) Rs 11.62 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 1753.14 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 company in which some of the directors are members 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 land and building of a division of the company and further secured by personal guarantee of some of the Directors.

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Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS

As at
31-03-2009

(3) Rs 1513.95 Lacs secured by hypothecation of Maturation stock and further secured by first charge by way of mortgage of immovable property of a company in which some of the directors are members 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 land and building of a division of the company and further secured by personal guarantee of some of the Directors.

(a) (iii) **Hire Purchase loans from banks** Rs 89.82. Lacs is secured by hypothecation of vehicles.

(b) **Other Loans & Advances** includes Rs 4.93 Lacs secured by hypothecation of vehicles and Rs 16.69 Lacs secured by the Second Charge on the Plant & Machinery and Land of a Division of the Company.

SCHEDULE -4

UNSECURED LOANS

Others Loans and Advances

- From Directors

101,844

TOTAL

101,844

SCHEDULE -5

FIXED ASSETS SCHEDULE AS ON 31-03-2009

SL No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK
		As on 01.04.2008	Additions	Sale / Deductions	As on 31.03.2009	As on 01.04.2008	For the year	With drawn	As on 31.03.2009	As on 31.03.2009
1	Land	33,417	-	-	33,417	-	-	-	-	33,417
2	Buildings	407,905	-	-	407,905	125,416	14,524	-	139,940	267,966
3	Plant & Machinery	503,614	3,833	500	506,947	420,372	24,945	146	445,171	61,776
4	Furniture & Fixtures Other Office Equipments	379,545	3,400	-	382,945	238,143	23,515	-	261,658	121,287
5	Vehicles	111,564	5,996	-	117,560	91,410	6,081	-	97,491	20,068
	Total . . .	1,436,045	13,229	500	1,448,774	875,341	69,065	146	944,260	504,514
6	Capital Work-in-Progress	60,355	3,160	-	63,515	-	-	-	-	63,515

KHODAY INDIA LIMITED (Consolidated Financial Statement)

Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS		As at 31-03-2009	
SCHEDULE-6			
INVESTMENTS:			
LONG TERM:			
(A) Govt. Securities		256	
TOTAL { A }		256	
(B) QUOTED - EQUITY SHARES (FULLY PAID-UP)			
TRADE INVESTMENTS - LONG TERM:	Face Value Each Share	No of Shares 31.03.2009	
Excell Glass Limited	10	500	5
Shaw Wallace and Co Ltd	10	500	2
United Breweries Limited	1	377	5
United Breweries Holding Ltd.	10	562	3
Sub Total			15
NON-TRADE INVESTMENTS - LONG TERM:			
Gulf Oil Corporation Limited	10	1,860	7
Sub Total			7
Total.. { B }			22
AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS			199
(C) UNQUOTED - EQUITY SHARES (FULLY PAID-UP)			
TRADE INVESTMENTS - LONG TERM:			
Alembic Glass Industries Limited	10	33	4
Artos Breweries Limited	10	225	2
Arlem Breweries Limited	10	150	1
Jupiter Breweries Limited	10	300	3
Pilsener Breweries Limited	10	100	2
Punjab Breweries Limited	10	250	3
Himalaya Distilleries Ltd	10	12,500	125
United Glass Bottles Mfg Co Ltd	10	13,650	137
Khoday Industries Pvt Ltd	1000	480	480
Sub Total			757

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Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS			As at 31-03-2009
NON-TRADE INVESTMENTS - LONG TERM :			
GL Hotels Limited	10	900	5
Kasturi Foods & Chemicals Limited	10	5,000	50
MOI Engineering Limited	10	1,400	10
Metal Box India Limited	10	365	4
Modern Syntex (India) Ltd	10	400	12
Panchakala Malt Limited	10	100	1
Sub Total			82
UNQUOTED - PREFERENCE SHARES (FULLY PAID-UP)			
NON-TRADE INVESTMENTS - LONG TERM :			
Kirlosker Consultants Ltd (15% Redeemable Cumulative Preference Shares)	100	5,000	500
Total.. {C}			1,339
(D) INVESTMENTS IN FIRMS :			
Lakshmi Estate			618,677
Total.. {D}			618,677
TOTAL INVESTMENTS AT COST {A+B+C+D}			620,294
SCHEDULE - 7			
INVENTORIES:			
(As valued and certified by the Management)			
Stores, Spares and Fuel			4,708
Raw Materials & Goods Purchased for Resale			106,229
Semi-Finished Goods			500,986
Finished Goods			76,499
Total..			688,422

KHODAY INDIA LIMITED (Consolidated Financial Statement)

Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009
SCHEDULE - 8	
SUNDRY DEBTORS :	
(Unsecured, Considered Good in respect of which the company holds no security other than debtors personal security)	
Outstanding for more than Six Months	77,139
Other Debts	225,826
(Unsecured, Considered Doubtful)	
Outstanding for more than six months	928
LESS: Provision for Doubtful Debts	(928)
Total..	302,965
SCHEDULE - 9	
CASH AND BANK BALANCES :	
Cash on hand and in transit	40,904
Cheques and Drafts in Hand	139
Balances with Scheduled Banks	
- In Current Account	21,695
- In Deposit Accounts	13,016
Total..	75,754
SCHEDULE - 10	
OTHER CURRENT ASSETS :	
Interest Accrued on Fixed Deposits	484
Total..	484
SCHEDULE - 11	
LOANS & ADVANCES :	
(Unsecured, Considered Good)	
Advances recoverable in cash or in kind or for value to be received	389,772
(in respect of which the company holds no security other than customers personal security)	
Balance with Excise Authorities	25,519
Deposit - Others	35,804
TOTAL	451,095



Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009
SCHEDULE - 12	
CURRENT LIABILITIES :	
Sundry Creditors	
- For Trade	63,829
- For Capital Goods	28,820
- For Expenses & Others	112,541
- Due to Micro and Small enterprises	7,530
Advance from customers	71,021
Unclaimed dividends	821
Trade Deposit Received	-
Other liabilities	183,900
TOTAL	468,462
SCHEDULE - 13	
PROVISIONS :	
For Taxation (Net of Advance Tax Rs. 3,57,64,481)	715
For Retirement Benefits	28,247
For Excise Duty	8,740
For Diminution in value of Investment	4
TOTAL	37,706
SCHEDULE - 14	
MISCELLANEOUS EXPENDITURE	
(To the extent not written off or adjusted)	
Deferred Revenue Expenditure	268
Total..	268
SCHEDULE - 15	
SALES	
Distillery	2,151,475
Glass	112,622
Others	20,760
Total..	2,284,857

KHODAY INDIA LIMITED (Consolidated Financial Statement)

Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009
SCHEDULE - 16	
OTHER INCOME	
Interest received (Gross) (TDS Rs 170050)	1,324
Dividend on Investments	46
Misc. Income	1,870
Profit on Sale investment	3,272
Foreign Exchange Fluctuation Gain	8
Sundry Credit balance written back	38,521
Total..	45,041
SCHEDULE - 17	
INCREASE/(DECREASE) IN STOCK	
CLOSING STOCK:	
Finished Goods	76,499
Semi-finished Goods	500,986
Total.. {A}	577,485
OPENING STOCK:	
Finished Goods	64,544
Semi-finished Goods	421,276
Total.. {B}	485,820
Increase/(Decrease) in Stock (A - B)	91,665
SCHEDULE - 18	
CONSUMPTION OF RAW MATERIALS & PURCHASE FOR RESALE	
OPENING STOCK	
Distillery	84,886
Goods Purchased for Resale	175
Glass	10,057
Total.. {A}	95,118

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Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009
ADD: PURCHASES	
Distillery	387,955
Glass	175,124
Goods Purchased for Resale	2,254
Total.. {B}	565,333
LESS: CLOSING STOCK	
Distillery	97,079
Glass	8,564
Goods Purchased for Resale	585
Total.. {C}	106,228
Consumption and purchase for resale (A+B-C)	554,223
SCHEDULE - 19	
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES :	
Power, Fuel & Lighting Charges	78,539
Rent	11,890
Rates & Taxes	26,476
Insurance	1,977
Repairs & Maintenance :	
- Electrical	1,673
- Plant & Machinery	8,956
- Buildings	1,687
- Vehicles	11,551
- Others	5,835
Freight, Octroi & Storage Exps	51,645
Lease Rent	14,615
Travelling & Conveyance	23,038
Printing & Stationery	4,109
Postage, Telephone & Telegram	6,347
Books & Periodicals	91
Security Service Charges	7,142
Legal & Professional Charges	30,771
Directors Sitting Fees	79
Auditors Remuneration	
- For Statutory Audit	562

KHODAY INDIA LIMITED (Consolidated Financial Statement)

Schedules to Consolidated Balance Sheet and profit & loss account - year ended 31-03-2009

[Rupees in Thousands]

PARTICULARS	As at 31-03-2009
Cost Audit Fees	20
Donation	1,189
Commission & Discount on Sales	57,680
Sales Promotion	45,540
Advertisement	6,438
Service Charges	569
Miscellaneous Expenses	8,268
Share of Loss in Partnership Firm	1,043
Irrecoverable advances written off	4
Loss on sale of asset	55
Total..	407,789

SCHEDULE - 20

PERSONNEL EXPENSES

Salaries, Wages, Gratuity, Bonus and leave encashment	122,945
Staff Welfare Expenses	12,846
Contribution to P.F. and Other Funds	6,435
Total..	142,226

SCHEDULE - 21

INTEREST & BANK CHARGES :

INTEREST	
On Term Loan	40,123
On Others	91,856
BANK CHARGES	4,473
TOTAL..	136,452



SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account
 Significant Accounting Policies & Notes on Accounts

 PARTICULARS

1. Significant Accounting Policies

(a) Accounting Convention

The consolidated 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

(b) Basis of Preparation

The consolidated financial statements have been prepared to comply with material respects regarding all accounting standards notified by Companies (Accounting Standard) rules, 2006 and the relevant provisions of the Companies Act, 1956 and the guidelines issued by Securities and Exchange Board of India.

(c) Principles of consolidation

The consolidated financial statements include the financial statements of Khoday India Limited and its only subsidiary. The financial statements of Khoday India Limited and its Subsidiary have been combined on a line-by-line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter company balances/transactions and resulting unrealized gain/loss from the date the parent company acquired control of the subsidiary. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

(d) Estimates and Assumptions

Preparation of consolidated Financial Statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities at the date of the Balance Sheet and the reported amounts of income and expenses during the reporting period. Examples include provision for doubtful debts, useful life of assets, etc. Actual results may differ from these estimates.

(e) 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 and 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.

(f) Cash Flow Statements

The Consolidated 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 Fixed Deposit) held with banks.

(g) Events occurring after the Balance Sheet Date

Assets and Liabilities are adjusted for events occurring after the balance sheet date that provide

KHODAY INDIA LIMITED (Consolidated Financial Statement)

SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account Significant Accounting Policies & Notes on Accounts

PARTICULARS

additional evidence to assist the estimation of amounts related to conditions existing at the balance sheet date.

(h) 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 / Loss 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, if any, are accounted in accordance with Accounting Standard – 5

(i) 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 Distillery Division acquired prior to 31st March 1999 and the 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 and up to the date of sale / transfer, respectively. Plant & Machinery costing Rs.5,000/- and 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.

(j) Revenue Recognition

● Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with the dispatch of goods to the customers. 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.

● Income from services is recognized in accordance with the terms of the contract.

(k) Accounting for Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, and includes inward freight, duties and taxes and incidental expenses related to acquisition and improvements. 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.



SCHEDULE - 22

**Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account
 Significant Accounting Policies & Notes on Accounts**

PARTICULARS

(l) 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.

(m) Accounting for Investments

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

(n) Accounting for Employee benefits

- **Provident Fund**

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

- **Gratuity**

The group provides for gratuity, a defined benefit retirement plan covering eligible employees. Liabilities with regard to the Gratuity are determined and provided as at the balance sheet date.

- **Leave Encashment**

The group provides for Leave Encashment, a defined benefit retirement plan covering all the employees. Liabilities with regard to the Leave Encashment are determined and provided as at the balance sheet date.

(o) 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.

(p) Segment Reporting

The group 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 and accordingly segmental revenue is reported as revenue from India and from outside India.

(q) Related Party Transactions

The related party relationships have been classified under the heads Key Management Personnel and their related parties and Entities over which Key Management Personnel and / or their related parties are able to exercise significant influence.

KHODAY INDIA LIMITED (Consolidated Financial Statement)

SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account Significant Accounting Policies & Notes on Accounts

PARTICULARS

(r) 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.

(s) 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 basic earnings adjusted for all dilutive potential equity shares.

(t) Accounting for Taxes on Income

Tax expense comprises of current, deferred 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.

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 unabsorbed depreciation and carry 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.

(u) Intangible Assets

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

(v) 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 an increase in the estimate of recoverable value.

(w) Provisions, 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.



SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account

Significant Accounting Policies & Notes on Accounts

[Rupees in thousands]

PARTICULARS

(x) Sundry Debtors / Loans and Advances

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

(y) Expenditure

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

(z) 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 are shown separately as an item of excise duty in the Profit and Loss account and included in the valuation of Finished Goods.

2. Since the group is preparing the Consolidated Financial Statements for the first time, previous year's figures have not been furnished.

3. 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

Particulars	2008-09
Employer's Contribution to Provident Fund	5,132

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 Consolidated Profit & Loss A/c and Consolidated Balance Sheet as under:

A. Changes in the present value of the obligations

Particulars	2008-09	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of defined benefit obligation	19,257	1,422
Interest Cost	1,541	114
Current service cost	7,615	(52)
Less:		
Actuarial loss/ (gain) on obligations	(1,767)	74
Present value of defined benefit obligation	26,645	1,558

KHODAY INDIA LIMITED (Consolidated Financial Statement)

SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account

Significant Accounting Policies & Notes on Accounts

[Rupees in thousands]

PARTICULARS

B. Amount recognized in Consolidated Balance Sheet

Particulars	2008-09	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present value of defined benefit obligation	26,645	1,558
Less:		
Unrecognized past service cost	—	
Unrecognized transitional liability	—	
Unfunded net liability / (asset) recognized in Balance Sheet	26,645	1,558
Present value of defined benefit obligation	26,645	1,558

C. Expenses recognized in the Consolidated Profit & Loss A/c

Particulars	2008-09	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Current service cost	7,615	(52)
Interest cost	—	—
Past service cost – Vested Benefits	1,541	114
Past service cost – Non vested Benefits	—	
Less:		
Net Actuarial loss/(gain) recognized in the year	(1,767)	74
Net benefit expense	7,389	136

D. Principal Actuarial assumptions at the date of the Consolidated Balance Sheet

Particulars	2008-09	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Discount rate	8%	8%
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

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SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account

Significant Accounting Policies & Notes on Accounts

[Rupees in thousands]

PARTICULARS

4. SEGMENT REPORTING

(A) PRIMARY INFORMATION

	2008 - 2009		
	External	Inter-Segment	TOTAL
SEGMENT REVENUE			
Liquor	2,151,475	–	2,151,475
Glass	112,622	134,107	246,728
Others	20,760	44	20,804
Total Segment	2,284,857	134,151	2,419,007
Eliminations			(134,151)
Total Revenue			2,284,856

Segment Results	2008-09
Liquor	250,680
Glass	(169,887)
Others	(20,820)
Total	59,973
Unallocated Income net of unallocated expenditure	37,507
Operating Profit	97,480
Interest Expenses	(131,979)
Interest / Dividend income and surplus on disposal of investments	4,642
Profit before Tax	(29,857)
Taxation for the year (including adjustment for the previous years)	(2,975)
Net Profit after Tax	(32,832)

KHODAY INDIA LIMITED (Consolidated Financial Statement)

SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account

Significant Accounting Policies & Notes on Accounts

[Rupees in thousands]

(B) OTHER INFORMATION	2008-2009	
Particulars	Segment Assets	Segment Liabilities
SEGMENTS		
Liquor	2,919,441	2,029,664
Glass	56,784	600,857
Others	640,372	479,979
Unallocated	-	-
Total	3,616,597	3,110,500

Particulars	Depreciation	Capital Expenditure	Non cash expenses other than Depreciation
Liquor	15,510	14,065	-
Glass	4,152	2,324	-
Others	28,545	-	-
Total	48,207	16,390	-

Total Assets Exclude

INVESTMENTS

Liquor	620,373
Others	21

FIXED DEPOSITS WITH BANKS

Liquor	12,124
Glass	600
Others	292



SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account

Significant Accounting Policies & Notes on Accounts

[Rupees in thousands]

S.NO.	PARTICULARS	
INFORMATION ABOUT GEOGRAPHICAL SEGMENTS		
Secondary segment reporting is performed on the basis of the geographical location of the customers. The operations of the group comprise of indigenous sales and export sale. The group operates in two geographical areas namely "In India" and "Outside India".		
		2008-09
SEGMENT REVENUE		
	India	2,279,991
	Outside India	4,866
	TOTAL	2,284,857
SEGMENT ASSETS		
	India	3,616,597
	Outside India	-
	TOTAL	3,616,597
CAPITAL EXPENDITURE		
	India	16,390
	Outside India	-
	TOTAL	16,390

5. Related Party Disclosures

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

Key Management Personnel and their related parties:

1. K. L. Ramachandra (Non - Executive Chairman)
2. K. L. Srihari (Managing Director)
3. K. L. A. Padmanabhasa (Joint Managing Director)
4. K. L. Swamy (Executive Director)
5. K. L. Ramachandra - HUF
6. K. L. Srihari - HUF
7. K. L. A. Padmanabhasa - HUF
8. K. L. Swamy - HUF
9. K. H. Gurunath
10. Estate of Late. K. L. Narayanasa
11. K. R. Nithyanand
12. K. R. Dayanand
13. K. H. Radheshyam
14. K. H. Srinivas
15. K. P. Ganashayam

KHODAY INDIA LIMITED (Consolidated Financial Statement)

SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account Significant Accounting Policies & Notes on Accounts

PARTICULARS

16. K. S. Brijmohan
17. K. S. Gridhar
18. Rajalakshmi Srihari
19. Gulab P Khoday
20. Lalitha Swamy Khoday
21. Padma N Khoday

Entities over which key Management Personnel and / or their related parties are able to exercise significant influence:

22. Acqua Borewells Private Limited
23. Elkay Tradings Corporation Private Limited
24. Five Brothers Marketing Private Limited
25. Forest Resort (Bandipur) Limited
26. Gayathri Foundation
27. Gayathri Holdings Private Limited
28. Honeywell Investments Private Limited
29. Hercules Construction Company Private Limited
30. Ingo Property Developers Private Limited
31. Jaypee Shoes Private Limited
32. Kanakapura Tradings Private Limited
33. Khoday Control Systems Private Limited
34. Khoday Hotels Private Limited
35. Khoday International Limited
36. Khoday Industries (Hyderabad) Private Limited
37. Khoday Industries (Kottayam) Private Limited
38. Khoday Industries (Kuppam) Private Limited
39. Khoday Industries Private Limited
40. Khoday Industries (Ropar) Private Limited
41. Khodays Breweries Limited
42. Khodays Technologies Limited
43. L K Power Corporation Limited
44. L K Trust
45. Sri Narmada Distilleries Private Limited
46. North India Distilleries Private Limited
47. Ram mohan & Company Private Limited
48. Spring Borewells Company Private Limited
49. Surya Watch Industries Private Limited
50. The Distillers Company Private Limited
51. Trishul Wineries & Distilleries Private Limited
52. United Glass Bottles Manufacturing Company Limited
53. Universal Business Concepts Private Limited



SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account
Significant Accounting Policies & Notes on Accounts

PARTICULARS

54. Vaishnavi Communications Private Limited
55. Wescopower Generation Limited
56. West India Distilleries Private Limited
57. Coconut Groves & Holiday Resorts Private Limited
58. Parsan Holiday Resorts Private Limited
59. Gayathri Bottling Company Private Limited
60. L K Polyfibre Limited
61. Mcdonald Distilleries Private Limited
62. National Distilleries Limited
63. River Resorts Limited
64. Tiger Breweries Limited
65. Kilara Power Limited
66. Macdonald Tradings Private Limited
67. Panchaganga Tradings Private Limited
68. Panchakalyanni Tradings Private Limited
69. Peterscot Tradings Private Limited
70. Sri Gurunath Tradings Private Limited
71. Vyjayanthi Tradings Private Limited
72. Honeywell Business Private Limited
73. Khoday Business Private Limited
74. Elkay Farm
75. General Mining & Minerals
76. K Lakshmansa & Company
77. Khoday Brothers
78. Khoday Enterprises
79. Khoday Eshwarsa & Sons
80. Khoday Fashions
81. Lakshmi Estate
82. Murugan Enterprises
83. Ransh Coffee Estate
84. Sree Gurunath Panels
85. Tiruvonam Wines
86. Universal Trading Company
87. Vindhya Distilleries
88. Yajaman Enterprises
89. Saraswathi Estate
90. Vindya Distillers

KHODAY INDIA LIMITED (Consolidated Financial Statement)

SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account

Significant Accounting Policies & Notes on Accounts

[Rupees in thousands]

Particulars	2008-09	
	Key Management Personnel and their related parties	Entities over which Key Management Personnel and / or their related parties are able to exercise significant influence
A. Income		
Sales	–	7,993
Sales of assets	–	306
Royalty received	–	968
B. Expenses		
Purchase of Goods / Services	–	53,027
Leasing Arrangement / Rent	1,080	14,615
Expenses - Travelling, Sales promotion and others	–	14,623
Purchase of fixed asset	–	–
C. Payment made to Key Management personnel for acquisition of Shares of Khoday Properties Pvt Ltd	100	–
C. Investment in Partnership firm	–	618,677
Balance as on 31.03.2009	103,140 (Credit)	241,236 (Debit)
Others		
Guarantee and Collateral Obtained from *	943,992	–

* - includes Personal guarantee obtained from entities over which key management personnel are able to exercise significant influence, Key management Personnel and their related parties

NOTE: No Amount has been written back or written off during the year in respect of amounts due to or from related parties.



SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account

Significant Accounting Policies & Notes on Accounts

[Rupees in thousands]

PARTICULARS	2008-09
6. Leases	
The group has taken certain assets on operating lease and certain assets on Finance Lease. The amounts of further minimal lease payments are stated below:	
Operating Lease:	
Less than 1 year	1,260
Later than 1 year & not later than 5 years	Nil
Later than 5 years	Nil
Finance Lease:	
Less than 1 year	5,150
Later than 1 year & not later than 5 years	5,788
Later than 5 years	Nil
7. Earnings Per Share	
Profit after Taxation as per Profit and Loss Account (in '000s)	A (35,802)
Total Number of Shares	B 37,591,237
Earnings per Share - Basic (in Rs.) {A/B}	(0.95)
Earnings per Share - Diluted (in Rs.) {A/B}	(0.95)
Face Value per Share (in Rs.)	10.00
8. Deferred Tax	
In accordance with the Accounting Standard - 22 "Accounting for Taxes on Income" the group 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 2009 resulting in a net deferred tax asset. As a measure of prudence, this net deferred tax asset has not been recognized in the financial statement. The details are as below:-	
Deferred Tax - Liabilities:	
On Depreciation differences	4,297
On Others	9,103
TOTAL	[A] 13,400
Deferred Tax - Assets	
On provision for Entry Tax / Sales Tax	807
On Employees Benefits	15,017
On unabsorbed tax losses and depreciation	8,625
On Disallowance u/s 40a(ia)	2,326
TOTAL	[B] 26,775
Net Deferred Tax Liabilities / [Assets] [A - B]	(13,375)

KHODAY INDIA LIMITED (Consolidated Financial Statement)

SCHEDULE - 22

Schedule forming part of Consolidated Balance Sheet and Profit and Loss Account

Significant Accounting Policies & Notes on Accounts

[Rupees in thousands]

PARTICULARS	2008-09
9. Contingent Liabilities	
1. Claims against the Group not acknowledged as debts	11,649
2. Disputed Sales Tax not provided	8,089
3. Guarantees / Counter – Guarantees given to Bank / Financial Institutions / Government Departments	16,000

10. 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 made in the accounts 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 accounts, in the ordinary course of business
11. Loans and Advances include Rs. 2,50,000 thousands towards Lease Deposit given to firms in which some of the Directors are Partners.
12. Fixed Assets includes a building with a WDV of Rs. 14,029 thousand, the title of which is under dispute before the Debt Recovery Tribunal. Pending resolution of this dispute, the group continues to reckon the Building in its financial statement.
13. Fixed Deposit of Rs.13,016 Thousands has been pledged with the Banks towards margin money for issuance of bank guarantee.
14. Government securities of Rs.100 thousands have been lodged with the excise department.
15. In respect of the bottling arrangement entered into by the Group, there are claims to an extent of Rs.7,828 thousands against the Group. The Group has also preferred certain counter claims against the bottler. Necessary adjustment will be made as and when the claims and counter claims are settled.
16. Consequent to the revaluation of certain fixed assets carried out in 1998-99, there is an additional charge of depreciation amounting to Rs.20,858 thousands and an equivalent amount has been withdrawn from Revaluation Reserves and credited 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 : 31.08.2009

R. VENKAT SUBRAMANYAN
Company Secretary

KRISHNAN RANGARAJU
Partner
Membership No. 18457



Consolidated Cash Flow Statement for the year ended 31st March 2009

[Rupees in Thousands]

PARTICULARS	2008-2009
A. Cash flow from Operating Activities	
Net Profit Before Tax	(29,857)
Adjustments for	
Depreciation	48,207
Loss/(Profit) on sale of Investments	(3,272)
Loss/(Profit) on sale Fixed Assets	55
Interest Income	(1,155)
Dividend Income	(46)
Interest & Bank Charges	136,452
Deffered Revenue Expenditure Written off	-
Sundry credit balances written back	(38,521)
Irrecoverable advances written off	4
Bad debts written off	-
Loss from Lakshmi Estate (Partnership Firm)	1,043
Unrealised Foreign Exchange	(42)
Operating Profit Before Working Capital Changes	112,868
Adjustments for:	
(Increase)/Decrease in Sundry Debtors	22,305
(Increase)/Decrease in Inventories	(102,947)
(Increase)/Decrease in Loans & Advances	(16,503)
(Increase)/Decrease in Other Current Assets	(344)
Increase/(Decrease) in Current Liabilities & Provisions	(105,163)
Cash Generated from Operations	(89,784)
Income Tax Paid	
- Direct Tax Paid	247
- Current Fringe Benefit Tax	(2,920)
- Prior year adjustments	(2,969)
Net Cash from / (Used in) Operating Activities	(95,426)

KHODAY INDIA LIMITED (Consolidated Financial Statement)

Consolidated Cash Flow Statement for the year ended 31st March 2009

[Rupees in Thousands]

PARTICULARS	2008-2009
B. Cash Flow from Investing activity	
Purchase of Fixed Assets	(13,229)
Sale of Fixed Assets	300
Capital Work In Progress (WIP)	(3,160)
Purchase of Investments	(100)
Proceeds from Sale of Investments	3,850
Interest Income (Gross)	1,120
Dividend Income	46
Net Cash from / (Used in) Investing Activities	(11,173)
C. Cash flow from Financial Activities	
Proceeds from Long Term Borrowings	305,296
Repayment of Long Term Borrowings	(58,377)
Interest & Bank Charges	(136,152)
Net Cash flow from/(Used in) Financing Activities	110,767
Net Cash Flows during the year {A+B+C}	4,168
Cash & Cash Equivalents(Opening Balance)	71,544
Cash & Cash Equivalents (Closing Balance)	75,754
Increase / (Decrease) in Cash & Cash equivalents	4,210
Unrealised Foreign Currency (US \$) held in Hand	(42)
Net Increase / (Decrease) in Cash & Cash equivalents	4,168

Notes:

1. Cash Flow statement has been prepared under the Indirect method as set out in Accounting standard-3.
2. Figures in brackets indicate cash outflow.



KHODAY INDIA LIMITED

Regd. Off. : "Brewery House", 7th Mile, Kanakapura Road,
Bangalore - 560 062.

Name & address of the Share holder / proxy

Attendance slip

**Forty Third
Annual General Meeting**
30th Sept. 2009 at 11.00 a.m.
67, Hotel Vaishnavi Residency
Kanakapura Main Road
Bangalore - 560 078

Folio No.

Client ID No.

DP ID No.

No. of shares held

Signature of Member / proxy



KHODAY INDIA LIMITED

Regd. Off. : "Brewery House", 7th Mile, Kanakapura Road,
Bangalore - 560 062.

Proxy Form

Folio No.

Client ID No.

Proxy No.

DP ID No.

Date of Receipt

No. of Shares

I/We

of.....in the district of.....being
a member / members of Khoday India Limited hereby appoint.....
of.....in the district of.....or failing
him

.....of.....in the district of.....as
my / our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held
at # 67, Hotel Vaishnavi Residency, Kanakapura Main Road, Bangalore - 560 078 on Wednesday the 30th Sept. 2009
at 11-00 am and at any adjournment thereof.

Date :

Signature of member

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

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

