



1997-98



KHODAY INDIA LIMITED



KHODAY INDIA LIMITED

BOARD OF DIRECTORS

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| CHAIRMAN | Shri K.L. RAMACHANDRA |
| VICE CHAIRMAN & MANAGING DIRECTOR | Shri K.L. SRIHARI |
| JOINT MANAGING DIRECTOR | Shri K.L.A. PADMANABHASA |
| EXECUTIVE DIRECTOR | Shri K.L. SWAMY Shri N. LAKSHMAN RAU Dr. S.M. PATIL Shri K.R. NITHYANANDA Shri K.H. GURUNATH Shri K.H. SRINIVAS |
| GROUP PRESIDENT | Shri P. R. ANANDA MURTHY |
| COMPANY SECRETARY | Shri M.S. MAYYA |
| AUDITOR | Shri. S. SUKUMAR Chartered Accountant Bangalore |
| BANKERS | Canara Bank Corporation Bank Andhra Bank Punjab National Bank State Bank of Travancore |
| REGISTERED OFFICE | No. 54, Kannayakana Agrahara Anjanapura Post, Bangalore-560 062. |
| ADMINISTRATIVE OFFICE | 'Khoday House' 26/1, Sankey Road Cross, Bangalore - 560 052. |
| SHARE DEPARTMENT | No. 96, Shree Rama Nilaya, 6th Main, 4th Block, II Phase Banashankari III Stage Bangalore - 560 085 ☎ 6720867 |



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the **Thirty Second Annual General Meeting** of KHODAY INDIA LIMITED, will be held on Monday, the 28th day of September 1998 at 12.30 P.M. at 'Brewery House', 7th Mile, Kanakapura Road, Bangalore-560 062, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31-3-98 and Profit and Loss Account for the year ended that date and the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in the place of Sri.K.L. Ramachandra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri.K.L.A. Padmanabhasa, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Dr. S.M. Patil, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the Next Annual General Meeting on a remuneration of Rs.50,000-00 plus out of pocket expenses and actual travel expenses in connection with the Company's Audit.

Sri S.Sukumar, Chartered Accountant, Bangalore, retires at this meeting and is eligible for re-appointment.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution :

"RESOLVED that in accordance with the provisions of Sections 198,269,309, and other applicable provisions, if any, of the Companies Act, 1956, the company hereby accords its approval and consent for the re-appointment of Sri. K.L. Swamy, as a Whole Time Director designated as Executive Director w.e.f. 26-4-99 for a further period of 5 years on the following terms and conditions.

a) REMUNERATION :

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

COMMISSION : 1% of the net profit.

b) PERQUISITES :

- i) Use of car and telephone : Free use of office car with a driver for official use. Free telephone facility at his residence provided long distance personal calls will be paid by him.
- ii) Subscription to Clubs/Associations : Fees of clubs subject to a maximum of

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Two clubs. This will not include admission and life membership fees".

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

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

7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution :

"RESOLVED that in accordance with the provisions of Section 198,269,309, and other applicable provisions, if any, of the Companies Act, 1956, the company hereby accords its approval and consent for the re-appointment of Sri. K.R. Nithyananda as a whole time Director designated as a Director (Marketing) w.e.f. 26-4-99 for a further period of 5 years on the following terms and conditions.

- a) **REMUNERATION :**

SALARY : Rs. 2,40,000/- per annum or Rs.20,000/- per month.

COMMISSION : 1% of the net profit.

- b) **PERQUISITES :**

i) Use of car and telephone : Free use of office car with a driver for official use. Free telephone facility at his residence provided long distance personal calls will be paid by him.

ii) Subscription to Clubs / Associations : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

"RESOLVED FURTHER that where in any Financial Year the Company has no profits or its profits are inadequate, the remuneration payable to Sri. K.R. Nithyananda shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any Statutory enactment thereof."

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

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary resolution :

"RESOLVED that in accordance with the provisions of Section 198,269,309, and other applicable provisions, if any, of the Companies Act, 1956, the

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company hereby accords its approval and consent for the re-appointment of Sri. K.H. Gurunath, as a whole time Director designated as a Director (Personnel) w.e.f. 26-4-99 for a further period of 5 years on the following terms and conditions:

a) **REMUNERATION :**

SALARY : Rs. 2,40,000/- per annum or Rs. 20,000/- per month.

COMMISSION : 1% of the net profit.

b) **PERQUISITES :**

i) Use of car and telephone : Free use of office car with a driver for official use. Free telephone facility at his residence provided long distance personal calls will be paid by him.

ii) Subscription to Clubs / Associations : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees".

"RESOLVED FURTHER that where in any Financial Year the Company has no profits or its profits are inadequate, the remuneration payable to Sri. K.H. Gurunath shall be governed by Section II of Part II of Schedule XIII

of the Companies Act, 1956 or any statutory enactment thereof".

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

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution :

"RESOLVED that in accordance with the provisions of Section 293(1)(a) of the Companies Act, 1956, the consent of the Company be and is hereby accorded for lease, sale or transfer of the Company's Sugar Unit situated at Kunthur, Kollegal District under the name and style of Sree Mahadeshwara Sugar Mills and the Board of Directors of the Company be and are hereby authorised to finalise the terms and conditions for the said purpose in the best interest of the Company".

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

M.S. MAYYA
Company Secretary

Place : Bangalore
Date : 27-08-1998

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NOTES :

- a) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

The proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

- b) The Register of Members and Share Transfer Books of the Company will remain closed from 22-9-98 to 28-9-98 (both days inclusive)
- c) Members are requested to notify immediately any change in their address including Pincode.
- d) Members are requested to bring their copies of Annual Report to the Meeting.
- e) Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
- f) Pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General

Revenue Account of the Central Government) Rules 1978, the dividend declared at the Annual General Meeting of the Company held on 28-12-1994 and remaining unpaid / unclaimed amounting to Rs. 3,05,038 has been transferred to the General Revenue Account of the Central Government on 19-2-98 in terms of Section 205A(5) of the Companies Act, 1956. Shareholders who have not encashed such dividends, are requested to claim for the payment of such unpaid / unclaimed dividend from the Registrar of Companies, Kendriya Sadan, II Floor, 'E' Wing, Koramangala, Bangalore-560 034.

- g) Members who are holding shares in the same names in different Folios are requested to intimate to the Company the Ledger Folios of such shareholdings together with the Share Certificate(s) to enable the Company to consolidate all the holdings into one account. The Share Certificates will be returned to the Members, after endorsement in due course.

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

Place : Bangalore
Date : 27-08-1998

M.S. MAYYA
Company Secretary

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL
BUSINESS SET OUT IN THE NOTICE :**

ITEM No. 6, 7 and 8 :

Sri. K.L. Swamy, Sri. K.R. Nithyananda and Sri. K.H. Gurunath were appointed as Whole time functional Directors, designated as Executive Director, Director (Marketing) and Director (Personnel) respectively for the period of 5 years w.e.f. 26-4-94 and the approval of the Shareholders was also obtained in the 28th Annual General Meeting held on 28-12-1994. The term of their appointments will expire on 26-4-1999. The Board of Directors at their Meeting held on 20-8-1998 approved the re-appointment of these Whole Time functional Directors subject to the approval of the Shareholders for a further period of 5 years w.e.f. 26-4-1999 and on terms and conditions as detailed in the resolution therein and in accordance with the conditions specified in Schedule XIII of the Companies Act, 1956.

The approval of the shareholders is sought for their re-appointments as mentioned in the resolutions.

Sri. K.L. Swamy, Sri. K.R. Nithyananda and Sri. K.H. Gurunath are interested in the

Resolutions as these resolutions pertain to their own re-appointments.

Sri. K.L. Ramachandra, Sri. K.L. Srihari, Sri. K.L.A. Padmanabhasa and Sri K.H. Srinivas being their relatives are deemed to be interested in the resolutions.

ITEM No. 9 :

The operation of the Sugar Unit was suspended and this was caused by the uneconomic Sugar Prices and unsustainable Cane Prices imposed on the factory by the Government. The operations of the Sugar Unit could not be revived so far and the conditions that brought about the stoppage continued to exist even now in a more pronounced manner. It is proposed to Lease, Sale or Transfer of the Sugar Unit and for this purpose the Board of Directors need to be empowered U/S 293(1)(a) of the Companies Act, 1956. Hence, this resolution is proposed.

The approval of the Shareholders is sought for the disposal of the Sugar Unit.

None of the Directors are interested in the resolution.

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

Place : Bangalore
Date : 27-08-1998

M.S. MAYYA
Company Secretary

KHODAY INDIA LIMITED

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 32nd Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 1998.

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

| Particulars | 1997-98 | 1996-97 |
|---------------------------------------|-----------|-----------|
| 1. Gross Income | 12,037.30 | 11,309.91 |
| Less : Excise Duty | 1,905.83 | 1,483.67 |
| 2. Net Income | 10,131.47 | 9,826.24 |
| 3. Profit Before Tax | 328.13 | 172.03 |
| 4. Provision for Taxation | 190.00 | 230.00 |
| 5. Profit After Tax | 138.13 | (57.97) |
| 6. Excess Provision written back | - | 5.43 |
| 7. Profit available for appropriation | 167.73 | 29.60 |
| 8. Balance Carried Forward | 167.73 | 29.60 |

DIVIDEND

Your Company has recorded a profit before tax of Rs.3.28 Crores (Rs.1.72 Crores in the previous year) and a profit after tax of Rs.1.38 Crores, compared to a loss of Rs.0.58 Crore in the previous year.

The Directors, however, are of the view that it is prudent to conserve resources for current operations and regret their inability to recommend any dividend for the year under review. The Directors hope that the Shareholders appreciate their concern.

REVIEW OF PERFORMANCE

The total income of the Company during the year under review was Rs.101.31 crores compared to Rs.98.26 crores in the previous year representing an increase of Rs. 3.05 Crores. The Company's sales would have

been higher but for the suspension of operation of the Sugar Unit caused by uneconomic sugar prices and unsustainable cane prices imposed on the Industry. However, the Distillery Division continued to function well.

The management has also found that running the sugar mill under the present circumstances is very uneconomical. The proposal to empower the Board of Directors to take suitable decision regarding the sugar mill is before the shareholders.

Taking into account the current performance of the Distillery Division it is expected to do even better during the year 1998-99.

FIXED DEPOSITS :

The total amount of deposits as on 31st March 1998 was Rs. 106.56 Lakhs. All the matured deposits were re-paid on the due