

33rd
ANNUAL
REPORT
1998-99

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KHODAY INDIA LIMITED



KHODAY INDIA LIMITED

BOARD OF DIRECTORS

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. NITHYANAND 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

KHODAY INDIA LIMITED

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the **Thirty Third Annual General Meeting** of KHODAY INDIA LIMITED, will be held on Wednesday, the 29th day of September 1999 at 11.00 a.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 31-3-99 and Profit and Loss Account for the year ended on that date and the Reports of the Auditors and the Directors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Sri. K.L. Swamy who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri N. Lakshman Rau, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Sri K.R. Nithyanand, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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 plus out-of-pocket expenses and actual travel expenses in connection with the Company's Audit.

Place : Bangalore
Date : 27-8-1999

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

SPECIAL BUSINESS :

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

VOLUNTARY DELISTING OF THE COMPANY'S SECURITIES FROM MADRAS STOCK EXCHANGE.

"RESOLVED that subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted herein after) and subject to the Regulations of SECURITIES EXCHANGE BOARD OF INDIA (SEBI) and such approvals, permissions and sanctions, as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent is hereby accorded to the Board to delist its Equity Shares from Madras Stock Exchange Ltd."

By order of the Board
for KHODAY INDIA LIMITED

(M.S. MAYYA)
Company Secretary

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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 23-9-99 to 29-9-99 (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 29-09-95 and remaining unpaid/

unclaimed amounting to Rs.1,66,761/- (Rupees One Lakh Sixty Six Thousand Seven hundred and Sixty one) has been transferred to the General Revenue Account of the Central Government on 30-11-98 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 Certificate will be returned to the Members, after endorsement in due course.
- h) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for members in respect of the shares held by them. Nomination forms can be obtained from the Shares Department.

By order of the Board
for KHODAY INDIA LIMITED

(M.S. MAYYA)
Company Secretary

Place : Bangalore
Date : 27-8-1999

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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. 7 : Presently the Company's securities are listed on the following 3 Stock Exchanges in India :

- i. Bangalore Stock Exchange Limited.
- ii. Madras Stock Exchange Limited
- iii. The Stock Exchange, Mumbai.

A minuscule number of members are located in the region of Madras Stock Exchange Limited and trading volumes on the said Stock Exchange in the Company's securities are negligible. Hence it is proposed to delist the Company's Equity Shares from Madras Stock Exchange. However, the listing on Bangalore Stock Exchange Ltd. and Bombay Stock Exchange Limited will continue. The proposed delisting of the Company's Securities will not, therefore, adversely affect any investor, including the members in Madras region where the said Stock Exchange is situated.

2. It has been observed that the listing fees paid to the Madras Stock Exchange is disproportionately higher and trading volumes are extremely low compared to the major Stock Exchanges.

3. As a part of its cost reduction measures, the Company has proposed delisting of its securities from the said Stock Exchange and in line with the Securities Exchange Board of India regulations for voluntary delisting of the Company's securities by the Company and the members' approval is sought by a Special Resolution for delisting its Securities from the Madras Stock Exchange as set out in Resolution No.7. Hence this resolution is proposed for your approval.

None of the Directors are interested in the resolution.

Your Directors commend the resolution for your approval.

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

Place : Bangalore
Date : 27-8-1999

(M.S. MAYYA)
Company Secretary

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REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 33rd Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 1999.

FINANCIAL HIGHLIGHTS :

(Rs. in Lakhs)

Particulars	1998-99	1997-98
1. Gross Income	13,911.36	12,037.30
Less : Excise Duty	2,324.47	1,905.83
2. Net Income	11,586.89	10,131.47
3. Profit before Tax	928.30	328.12
4. Provision for Taxation	279.00	190.00
5. Profit after Tax	649.30	138.13
6. Profit available for appropriation	817.03	167.73
7 Transfer to General Reserve	20.00	-
8. Dividend (including Dividend Tax)	149.37	-
9. Surplus	524.34	-

DIVIDEND :

Your Company has recorded a profit before tax of Rs.9.28 Crores (Rs.3.28 Crores in the previous year) and a profit after tax of Rs.6.49 Crores, compared to Rs. 1.38 Crore in the previous year.

Your Directors are pleased to recommend a Dividend of Re.1/- (One only) per Share (10%) for the year ended 31-3-1999. This will absorb a sum of Rs. 149.37 Lakhs (including Dividend Tax).

If declared at the ensuing Annual General Meeting, the dividend will be paid to those Shareholders, whose names appear in the Register of members as on

29th September 1999 or to their mandates within 42 days of such declaration.

REVIEW OF PERFORMANCE :

The net income of the Company during the year under review was Rs. 115.87 Crores compared to Rs. 101.31 Crores in the previous year, representing an increase of Rs. 14.56 Crores.

The Directors are pleased to inform the Shareholders that as per the resolution passed at the 32nd Annual General Meeting of the Shareholders, the Sugar Unit of the Company was hived off during the year under review to the company's

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wholly owned subsidiary i.e. Shree Mahadeshwara Sugar Mills Limited on 31-10-98 as a going concern.

Taking into consideration, the present performance of the company, your Directors hope that the sales turnover of the Company is expected to be better in the years to come.

FIXED DEPOSITS :

The total amount of deposits as on 31st March 1999 was Rs. 10.87 Lakhs. All the matured deposits were re-paid on the due dates.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Sri.K.L.Swamy, Director, Sri N. Lakshman Rau, Director and Sri. K.R. Nithyanand, Director, retire by rotation and, being eligible, offer themselves for re-appointment.

SUBSIDIARY COMPANY :

Pursuant to Section 212 of the Companies Act, 1956, the statement required by Clause (e) of sub-section (1) of the said section is annexed.

LISTING AGREEMENT :

As required by Clause 32 of the Listing Agreement, a Cashflow Statement is annexed.

Y2K COMPLIANCE :

The company is taking necessary steps to ensure Y2K compliance for all its computer systems.

The costs being incurred for achieving Y2K compliance are not likely to have any significant impact on the Company's financial position.

VOLUNTARY DELISTING OF THE COMPANY'S SECURITIES FROM MADRAS STOCK EXCHANGE :

The Company's Securities are presently listed on 3 Stock exchanges in India i.e. 1) Bangalore Stock Exchange Limited 2) Madras Stock Exchange Limited and 3) The Stock Exchange, Mumbai. The trading volumes on Madras Stock Exchange in the Company's securities are negligible and the listing fees paid to the Exchange is disproportionately high and trading volumes are extremely low as compared to the major Stock Exchanges. The Company, therefore, intends to delist its securities from Madras Stock Exchange Ltd. The delisting has to be approved by a Special Resolution as per the Guidelines issued by the Securities Exchange Board of India.

PARTICULARS OF EMPLOYEES :

Information Under Section 217 (2A) is not furnished as there is no employee drawing a remuneration of Rs. 50,000 per month or Rs. 6,00,000 per annum.

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

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

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AUDITORS :

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

REMARKS OF AUDITORS :

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

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

The Company has applied for the duplicate of missing Scrips/Share Certificates.

The Company has been accounting for leave encashment benefit on retirement, on payment basis.

The Company, as in the past years, has been maintaining records as required

under State Excise Laws under the direct supervision and control of the officials of the State Excise Authorities who are posted in the factory. As regards the valuation, it has been valued at cost as has been done consistently in the earlier years.

Hence, the stock furnished is in accordance with the figures in the records which have been certified by the State Excise Authorities.

INDUSTRIAL RELATIONS :

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

ACKNOWLEDGEMENT :

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

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For and on behalf of the
BOARD OF DIRECTORS

Place: Bangalore
Date : 27-8-1999

K.L. RAMACHANDRA
Chairman

KHODAY INDIA LIMITED

REPORT OF THE AUDITOR

To the Members of KHODAY INDIA LIMITED

I have audited the attached Balance Sheet of **Khoday India Limited** as at 31st March, 1999 and the annexed Profit and Loss Account of the Company for the year ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as I considered appropriate and according to the information and explanations given to me, I annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to my Comments in the Annexure referred to in paragraph (1) above, I report that :

a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of such books.

c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account.

d) In my opinion, the Balance Sheet and the Profit and Loss Account comply in all material respects with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except non- provision of employees leave encashment benefit on retirement on accrual basis as required under Accounting Standard - 15. (Ref. Note No.22).

e) Attention is invited to the following :

i) Note No. 4 regarding non-confirmation of balances for certain sundry debtors, sundry creditors, advances received and loans and advances.

ii) Note No. 6 regarding non-verification of certain investment scrips.

Subject to the foregoing,

In my opinion, and to the best of my information and according to the explanations given to me, the said Balance Sheet and the Profit and Loss Account read together with the Accounting policies and the notes thereon give the information required by the Companies Act, 1956, in the

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manner so required and give a true and fair view :

- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1999

and

- ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.

Place : Bangalore
Date : 27-8-1999

S. SUKUMAR
Chartered Accountant

