



KHODAY INDIA LIMITED



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THIRTY FOURTH ANNUAL REPORT 1999-2000

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
DIRECTOR	Shri N. LAKSHMAN RAU
DIRECTOR	Dr. S.M. PATIL
DIRECTOR	Shri K.R. NITHYANAND
DIRECTOR	Shri K.H. GURUNATH
DIRECTOR	Shri K.H. SRINIVAS
DIRECTOR	Shri K.P. GHANSHYAM
DIRECTOR	Shri K.S. GIRIDHAR
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, IInd Phase Banashankari IIIrd Stage Bangalore - 560 085 Ph : 6720867

KHODAY INDIA LIMITED**NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the Thirty Fourth Annual General Meeting of KHODAY INDIA LIMITED, will be held on Saturday, the 30-12-2000 at 11.00 a.m. at 'Brewery House', 7th Mile, Kanakapura Road, Bangalore-62, to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31-3-2000 and Profit and Loss Account for the year ended on that date and the Reports of the Auditors and the Directors thereon.
- 2) To appoint a Director in the place of Sri.K.L.Srihari, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in the place of Sri.K.H.Gurunath, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in the place of Sri.K.H.Srinivas, 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/- plus out-of-pocket expenses and actual travel expenses in connection with the Company's Audit.

SPECIAL BUSINESS:**6) ORDINARY RESOLUTION:**

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

"RESOLVED that Sri.K.P.Ghanshyam, be and is hereby appointed as a Director of the Company."

7) ORDINARY RESOLUTION:

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

"RESOLVED that Sri.K.S.Giridhar, be and is hereby appointed as a Director of the Company."

8) ORDINARY RESOLUTION:

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its approval and consent for the re-appointment of Sri.K.L.Srihari, as a Whole Time Director designated as Vice-Chairman and Managing Director w.e.f. 1-1-2001 for a further period of 5 years on the following terms and conditions.

a) REMUNERATION:

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

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

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

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

9) **ORDINARY RESOLUTION:**

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its approval and consent for the re-appointment of Sri.K.L.A.Padmanabhasa, as a Whole Time Director designated as Joint Managing Director w.e.f. 1-1-2001 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 Two Clubs. This will not include admission and life membership fees."

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

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

10. **SPECIAL RESOLUTION:**

To consider and if thought fit, to pass with or without modification the following as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company, be and are, hereby altered as under by inserting the following as New Article 3(B) after the existing Article "3(A)".

"3(B), Notwithstanding anything contrary contained elsewhere in this Articles of Association and subject to the applicable provisions of laws/regulations, shares and/or debentures (hereinafter called 'the securities') of the Company may be issued in and/or

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converted into dematerialised/electronic form (i.e. not in physical form), either in full or in parts, and/or rematerialised any time after such issue/ conversion, either in full or in parts, at the discretion of the Board of Directors, for which the Board of Directors is hereby authorised to do so. In case of such issue/ conversion of securities in/into dematerialised/electronic form, the holder/s of such securities is/are entitled to hold and/or trade such securities in the electronic form until such securities are rematerialised, subject to provisions of laws/regulations as may be applicable to the Company from time to time. The Board of Directors may at its discretion, subject to the applicable provisions of Laws, make any arrangements with Securities and Exchange Board of India, Stock Exchanges, Depositories, Registrars for transfer of securities or any other person(s)/intermediaries in order to give effect to the above said dematerialisation/ rematerialisation of securities or trading of such securities."

11) SPECIAL RESOLUTION:

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

RESOLVED THAT the Articles of Association of the Company be amended by insertion of new Article No.16A after the existing Article No.16 under a separate chapter titled 'BUY-BACK OF SHARES' with the respective marginal headings, as follows:-

Article No.16A(1) - Authority for Buy-back

Subject to the provisions contained in Section 77A , 77AA and 77B of the Companies Act, 1956 and/or

corresponding provisions of any statutory modifications or re-enactment and subject to rules and regulations that may be framed by Central Government and/or other authorities including Securities Exchange Board of India or any other appropriate authority as may be concerned, the Company in a general meeting may upon the recommendation of the Board of Directors or any committee of the Board of Directors, at any time and from time to time, by a special resolution authorise buy-back of securities of any part of the company's share capital which are fully paid-up (hereinafter referred to as buy-back scheme in these Articles).

Article No.16A(2) - Mode of buy-back

Subject to the authority being granted pursuant to the preceding article, the Board or the committee thereto formulate the mode including the terms and conditions of buy-back of securities of the Company, in its absolute discretion, which is not otherwise prohibited by law.

Article No.16A(3) - Extinguishing of shares certificates

On payment of the agreed consideration as per the scheme of buy-back made pursuant to these Articles, the securities covered and arising out of such buy-back scheme, shall stand extinguished and be physically destroyed within the prescribed time limit. The shares offered for buy back if already dematerialised shall be extinguished and destroyed in the manner specified under Securities and Exchange Board of India (Depositories and Participants) Regulations 1996 and the byelaws framed thereunder. All share certificates that are extinguished or destroyed pursuant to this article

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shall not be reissued on any account whatsoever and there shall be a register maintained at the Registered Office of the Company, furnishing the required details of all such extinguished/destroyed share certificates arising out of the buy-back scheme.

Article No.16A(4) - Consequential changes

The Register of Members shall be suitably modified giving effect to the buy-back scheme and the share certificates that are consequently extinguished/destroyed arising out of the buy-back scheme.

Article No.16A(5) - Validity

The Articles hereto under the Chapter 'Buy-Back of Securities', shall be valid and shall prevail over all other Articles, notwithstanding anything else contained to the contrary in these Articles.

12) SPECIAL RESOLUTION:

To consider and if thought fit to pass the following resolution with or without modifications, as a special resolution

RESOLVED THAT

- (A) In accordance with the provisions contained in the Articles of Association of the Company and pursuant to sections 77A, 77AA and 77B and all other applicable provisions, if any, of the Companies Act, 1956 (the 'Act') (including any statutory modifications or re-enactment of the Act);
- (B) Subject to the provisions contained in the Securities Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (Buy-Back Regulations) (including any

statutory modifications or re-enactment of the Buy-Back Regulations for the time being in force);

- (C) Subject to such other approvals, permissions and sanctions as may be necessary;
- (D) Subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions; and
- (E) Subject to such amendments/modifications/conditions as may be directed by any concerned authority and further being agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which stands and deemed to include any committee which the Board may constitute to exercise the powers including the powers conferred by these resolutions);

the consent of the Company be and is hereby accorded to the Board of Directors to purchase its own fully paid-up equity shares of Rs.10/- each for an amount not exceeding 23.413% of the paid-up equity share capital of the Company i.e., not exceeding nominal value of the share of Rs.3,41,07,160/- for a consideration upto maximum of Rs.20/- per share (hereinafter referred to as Buy-Back Scheme);

RESOLVED FURTHER THAT the Company may implement the Buy- Back in one trench or trenches from out of its free reserves and that the buy-back may be made through the methodology pursuant to Section 77A(5) of the Act,

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including from the existing security holders of the Company or in any other manner, as may be prescribed under the Act and the Buy Back Regulations and further on such terms and conditions as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee thereof) be and is hereby authorised:-

- A. To do all such acts, deeds, matters and things as may in its absolute discretion deemed necessary or expedient, usual or proper including the appointment of intermediaries, advisors, consultants or representatives, which are incidental to the implementation of the buy-back scheme.
- B. To prefer all applications, affidavits, declarations and file all necessary papers/documents to the appropriate authorities or any institutions or banks, as may be prescribed, required or necessary, for obtaining the requisite approval(s) and/or for compliance of any of the provisions of law or otherwise as may be required in connection with the implementation of the buy-back scheme.

- C. To initiate all necessary actions for preparation and issue of public announcement and filing of letter of offer with SEBI, stock exchanges, filing of declarations of solvency certificate, and filing of certificate for extinguishment and physical destruction of certificate and all other documents/papers required to be filed in connection with the implementation of the buy-back scheme.

- D. To settle all such questions or difficulties whatsoever which may arise in the buy-back scheme and take all such steps and decisions as may be required in connection with and for implementation of the buy-back scheme.

RESOLVED FURTHER THAT any one of the Board of Directors of the Company (including any committee thereof) be and is hereby authorised to sub-delegate all or any of the authorities as conferred hereto, to any officers/ authorised representative of the Company, to give effect to the said resolution or to accept any changes or modifications as may be suggested by the appropriate authority, advisors, institutions, banks, intermediaries or auditors of the Company.

By order of the Board
For KHODAY INDIA LIMITED

Place: Bangalore
Date: 27/11/2000

(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 a proxy need not be a member.
- B. A blank proxy form is sent herewith
- C. The instrument appointing the proxy should, however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
- D. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items 6 to 12 of the notice is annexed hereto.
- E. The Register of Members and Share Transfer Books of the Company will remain closed from 26-12-2000 to 30-12-2000. (both days inclusive)
- F. Members are requested to notify immediately any change in their address including Pincode.
- G. Members are requested to bring their copies of Annual Report to the Meeting.
- H. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
- I. 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.
- J. 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.

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

Item No:6:

Sri.K.P.Ghanshyam was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 8-5-2000 pursuant to Section 260 of the Companies Act, 1956 and Article 30 of the Articles of Association and whose term expires at the Annual General Meeting scheduled to be held on 30-12-2000 and for the appointment of whom the company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director.

Sri.K.P.Ghanshyam being eligible offers himself for appointment as Director. Hence the resolution.

None of the Directors of the Company other than Sri.K.L.A.Padmanabhasa is deemed to be interested in the resolution so far as his appointment is concerned.

Item No:7:

Sri.K.S.Giridhar was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 8-5-2000 pursuant to Section 260 of the Companies Act, 1956 and Article 30 of the Articles of Association and whose term expires at the Annual General Meeting scheduled to be held on 30-12-2000 and for the appointment of whom the company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director.

Sri.K.S.Giridhar being eligible offers himself for appointment as Director. Hence the resolution.

None of the Directors of the Company other than Sri.K.L.Swamy is deemed to be interested in the resolution so far as his appointment is concerned.

Item Nos: 8 and 9:

The Shareholders of the Company at the 29th Annual General Meeting held on 29-9-1995 re-appointed Sri.K.L.Srihari, as Vice-Chairman and Managing Director and Sri.K.L.A. Padmanabhasa as Joint Managing Director for a period of 5 years w.e.f. 1-1-96. The term of their appointments will expire on 31-12-2000. The Board of Directors at their Meeting held on 27-11-2000 approved the re-appointment of these Whole Time functional Directors subject to the approval of the Shareholders for a further period of 5 years.

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

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

Sri.K.L.Ramachandra, Sri.K.L.Swamy, Sri.K.H.Gurunath, Sri.K.H.Srinivas and Sri.K.P.Ghanshyam, being relatives of Sri.K.L.Srihari and Sri.K.L.A.Padmanabhasa are deemed to be interested in the resolutions.

Item No.10

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Companies Act, 1956 relating to the subject matter have been amended to facilitate holding and trading of securities in dematerialised/ electronic form. In accordance with these changes, Securities and Exchange Board of India (SEBI) has directed that the shares of our Company shall be dealt with in Dematerialised/electronic form, until such securities are rematerialised. It has therefore become necessary to amend the Articles of Association of the Company as set out in item: 10 of the Notice, to provide for issue and holding shares in dematerialised form.

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Amendment to Articles can be done by passing a special resolution in a General Meeting of members. Accordingly special resolution is proposed.

The Directors are concerned or interested in the said resolution to the extent of shares held by them.

The Directors recommend the resolution

Item No. 11

1. The Companies (Amendment) Act 1999 has introduced certain new provisions in the Companies Act, 1956 (the 'Act'), inter alia, Sections 77A, 77AA and 77B, empowering companies to purchase its own securities as provided in these sections.
2. In view of the introduction of new provisions, consequential amendments to the Articles of Association of the Company has become necessary to enable the Company to purchase its own securities as permitted by law.
3. In view of the above, the Board of Directors felt that the Articles of Association of the Company be amended suitably by insertion of certain new clauses providing for buy back of securities. Accordingly, new clauses 16A(1) to 16A(5) have been suggested to be inserted under the Chapter Heading 'Buy Back of Securities' as set out in the resolution covered by Item No.11 of the accompanying notice.
4. As shareholders are aware, any amendment to the Articles of Association should be passed by Special Resolution pursuant to Section 31 of the Act and accordingly the resolution is commended to the shareholders for approval by special resolution. None of the Directors is interested in the resolution save and except to the extent of shares that they are holding in the Company. A copy of the Memorandum & Articles of Association of the Company

is available for inspection at the Registered Office of the Company between 10.00AM and 1.00PM, upto the date of Annual General Meeting convened hereto, on all working days except Saturdays and other public holidays.

Item No.12

1. As the shareholders are aware, the company's paid-up equity share capital stood as on 31-3-1999 at Rs.13,45,70,000/- divided into 1,34,57,000 equity shares of Rs.10/- each.
2. Pursuant to the scheme of amalgamation of Manaylux Papers and Boards Pvt Ltd with this company and on obtaining the sanction of Hon'ble High Court of Karnataka, the Company had issued additional 11,10,448 equity shares of Rs.10/- each to the shareholders of the Transferor Company.
3. On obtaining the sanction of the Hon'ble High Court as aforementioned and the scheme of amalgamation becoming effective, and further upon allotment of the new equity shares as per the said scheme of amalgamation, the paid-up equity share capital of the Company now stands enhanced to Rs.14,56,74,480/- divided into 1,45,67,448 equity shares of Rs.10/- each.
4. (a) Aggregate shareholding of the promoters as on the date of the notice is 1,11,56,732 equity shares of Rs.10/- each constituting 76.587% of the paid up equity share capital of the Company.
(b) Pursuant to the amalgamation of Manaylux Papers and Boards Pvt Ltd 10,74,182 equity shares of Rs.10/- each have been allotted to the Promoters/relatives and associated companies on 31-10-2000.
5. The provisions of the Act had been amended by inserting new sections,