SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

35TH ANNUAL REPORT 2000-2001

KHODAY INDIA LIMITED

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

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 UCO Bank Punjab National Bank Bank of Maharashtra *United Western Bank Limited*
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	'Brewery House' 7th Mile, Kanakapura Road *Bangalore - 560 062* Ph : 6321277

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Thirty Fifth Annual General Meeting of KHODAY INDIA LIMITED, will be held on Friday, the 28-12-2001 at 12.15 p.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 on 31-3-2001 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 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 Sri.K.L.Swamy, who retires by rotation and being eligible, offers himself for re-appointment.

5) To appoint a Director in the place of Dr.S.M.Patil, 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. Sri S. Sukumar, Chartered Accountant, Bangalore retires at this meeting and is eligible for re-appointment.

SPECIAL BUSINESS :

7) **ORDINARY RESOLUTION :**

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

Resolved that pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, in addition to all the borrowings made by the Board of Directors so far, for and on behalf of the Company as authorised by an Ordinary Resolution passed at the Annual General Meeting held on 28th December 1994 for a sum of Rs.100 Crores, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow money from time to time, further sums of money not exceeding Rs.50 Crores, thereby amounting in the aggregate to a sum of not more than Rs.150 Crores at its discretion either from the Company's bank or any other bank, financial institutions or any other leading institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business), will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to execute such deeds, instruments and things as are necessary in this regard."

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

Place : Bangalore
Date : 26/11/2001

(M.S. Mayya)
Company Secretary

Notes :

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

B. A blank proxy from 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 item 7 of the notice is annexed hereto.

E. The Register of Members and Share Transfer Books of the Company will remain closed from 23-12-2001 to 28-12-2001 (both days inclusive)

F. Members are requested to notify immediately any change in their address including Pin code.

G. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.

H. 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.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

I. As per 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.

J. Pursuant to the provisions of Section 205A read with 205C of the Companies Act, 1956, dividend for the financial year ended 31st March 1995 which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed their dividend warrant(s) are requested to make their claim from the Registrar of Companies, Kendriya sadan, IInd Floor, E Wing, Koramangala, Bangalore - 34. It may be noted that no claims will lie against the company or the Investor Education and Protection Fund in respect of the said unclaimed dividend amount transferred to the Fund.

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

Place : Bangalore
Date : 26/11/2001

(M.S. Mayya)
Company Secretary

Report Junction.com

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

ITEM NO.7

At the Annual General Meeting of the members of the Company held on 28th December 1994, the Company had accorded its consent under section 293(1)(d) of the Companies Act, 1956, to the Directors' borrowing monies upto a limit of Rs.100 Crores (excluding temporary loans obtained from the Company's bankers in the ordinary course of business). Now, taking into consideration the further requirements of finance and facilities for the expanded activities of the Company, a fresh resolution is proposed providing that in addition to the existing borrowing limits the Directors may, for and on behalf of and for the purposes of the Company, borrow further sums of money amounting to a sum of not more than Rs.50 Crores thereby raising the total aggregate borrowing limit from Rs.100 Crores to Rs.150 Crores.

Your approval for the proposed Resolution is requested.

None of the Directors of the company is in any way concerned or interested in the Resolution.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 35th Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 2001:

FINANCIAL HIGHLIGHTS :

(Rs. in Lakhs)

	Particulars	2000-2001	1999-2000
1.	Gross Income	15534.53	14742.08
	Less : Excise Duty	2407.78	2164.60
2.	Net Income	13126.75	12577.48
3.	Profit Before Tax	1121.39	1576.02
4.	Provision for Taxation	500.00	185.00
5.	Profit After Tax	621.39	1391.02
	Add : Balance Brought forward	(306.23)	524.35
	Less : Balance absorbed on amalgamation	-	(1479.77)
		315.16	435.60
	Less : Income Tax Payments for earlier years	(151.07)	481.40
6.	Prior year Adjustments	(34.72)	64.04
7.	Depreciation for earlier years	13.07	-
8.	Transfer to Debenture Redemption Reserve	166.67	196.39
9.	Balance carried forward	321.21	(306.23)

DIVIDEND :

Your Directors express their inability to declare Dividend for the year under review.

REVIEW OF PERFORMANCE

The net income of the company during the year under review was Rs.131.26 Crores compared to Rs.125.77 Crores in the previous year, representing an increase of Rs.5.49 Crores.

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 2001 was Rs.165 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.Ramachandra, Director, Sri.K.L.A.Padmanabhasa, Director, Sri.K.L.Swamy, Director and Dr.S.M.Patil, Director, retire by rotation and being eligible, offer themselves for re-appointment.

LISTING AGREEMENT :

A. As required by Clause 32 of the Listing Agreement, a Cash flow Statement is appended.

B. As required by Clause 49 of the Listing Agreement, the following information is furnished.

1. The Company's securities have not been de-listed by any of the Stock Exchanges during the year.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

2. The securities of the Company are presently listed with the following Stock Exchanges :

   a. THE BANGALORE STOCK EXCHANGE LTD.
   "Exchange Towers", No.51, 1st Cross, J.C. Road, Bangalore - 560 027

   b. THE MADRAS STOCK EXCHANGE LTD.
   Post Box No.183, 11, Second Line Beach, Madras - 600 001

   c. THE STOCK EXCHANGE, MUMBAI
   Phiroze Jeejeebhoy Towers
   Dalal Street
   Mumbai - 400 001

3. Listing fee for the above stock exchanges have been paid.

PARTICULARS OF EMPLOYEES :

Information Under Section 217(2A) is not furnished as there is no employee drawing a remuneration of Rs.1,00,000-00 per month or Rs.12,00,000-00 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.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

i. that in the preparation of the annual accounts for the financial year ended 31st March 2001, the applicable accounting standard had been followed along with proper explanation relating to material departures ;

ii. that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review ;

iii. that the directors had 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. that the directors had prepared the annual accounts for the financial year ended 31st March, 2001 on a going concern basis.

DEMATERIALISATION OF EQUITY SHARES :

Your Company's shares have come under the category of compulsory trading in dematerialised form. Consequent to this, the Company has entered into an agreement with NSDL & CDSL to provide our shareholders the option to hold shares in electronic form. The Company has appointed M/s.Alpha Systems Pvt. Ltd. as the Registrar and Share Transfer Agents having electronic connectivity.

CORPORATE GOVERNANCE :

Your Company is aware of the importance of good corporate governance, which helps in building market confidence and improving investor protection. Adherence to the value system established through good corporate governance also inspires the trust and confidence in the Company of its customers, suppliers, lenders and the regulatory authorities.

At the behest of the Securities Exchange Board of India (SEBI), the stock exchanges have brought in a new clause in the listing Agreement introducing a comprehensive Code on Corporate Governance. The Code is required to be implemented by the Company latest by 31st March 2002. The Company, however, will endeavour to voluntarily comply with the code well in advance.

CONSTITUTION OF AUDIT COMMITTEE :

The Audit Committee constituted by the Board of Directors during 1991, was functioning since then. At present the committee comprises of three Directors; Sr.K.L.Srihari, Managing Director, Sri.N.Lakshmn Rau, Director and Dr.S.M.Patil, Director and the committee satisfies the provisions of section 292A of the Companies (Amendment) Act, 2000.

BUY BACK OF SHARES :

Members would recall that in the last Annual General Meeting held on 30.12.2000 the Company had passed a special resolution for buying back the equity shares. However, the scheme could not be implemented during the validity period of 12 months and no action could be taken due to market conditions.

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 :

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NON CONFIRMATION OF BALANCES :

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.

ACCOUNTING OF LEAVE ENCASHMENT BENEFIT :

The Company has been accounting for leave encashment benefit on retirement on payment basis as in the earlier years.

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.

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

Place : Bangalore
Date : 26-11-2001

K.L.Ramachandra
Chairman

ReportJunction.com

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

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, 2001 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, the amount of which could not be ascertained.*

   e. According to the information and explanations given to me and on the basis of written representation received from the Directors which have been taken on record by the Board of Directors, I report that none of the Directors are disqualified as on 31st March, 2001 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   f. *Attention is invited to the following :*

   Note No. 4 regarding non-confirmation of balances for certain sundry debtors, sundry creditors, advances received and loans and advances, the effect of which on the accounts, if any, could not be ascertained.

   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 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 :

   i. In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2001

   and

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

Place : Bangalore
Date : 26.11.2001

S. SUKUMAR
CHARTERED ACCOUNTANT

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in para 1 of my report of even date)

FIXED ASSETS :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets are being physically verified by the Management under a phased programme of verification. In my opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of my knowledge no material discrepancies were noticed on such verification.

2. None of the Fixed Assets have been revalued during the year.

INVENTORIES :

3. The stock of finished goods, stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals. The stock in possession of third parties have been confirmed by them.

4. The procedure and frequency of physical verification of stocks followed by the Management are reasonable and adequate considering the size of the Company and the nature of its business.

5. No material discrepancies have been noticed on physical verification of stocks as compared to book records.

6. On the basis of examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles. The basis of valuation of such stock is same as in the preceding year.

7. As explained to me, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and trading stock. Adequate provision has been made in the accounts for the Loss arising on items so determined.

8. In my opinion, reasonable records have been maintained by the Company for the sale and disposal of realizable scrap and by-products.

9. I have broadly reviewed the books of account maintained by the Company in respect of Industrial Alcohol and Paper products pursuant to the order made by the Central Government for maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956, and I am of the opinion that, prima-facie, prescribed records and accounts have been made and maintained by the Company. However, no detailed examination of such records and accounts has been carried out by me with a view to determine whether they are accurate or complete.

LOANS AND ADVANCES :

10. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties which have been listed in the Register maintained under Section 301 of the Companies Act, 1956 and from Companies under the same Management within the meaning of sub-section (1B) of erstwhile Section 370 of the Companies Act, 1956.

11. The Company has not given any loans, secured or unsecured, to the Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and to Companies under the same Management within the meaning of sub-section (1B) of erstwhile Section 370 of the Companies Act, 1956.

12. The parties and employees to whom loans have been given by the Company are repaying the principal amount as stipulated and are also regular in payment of interest, wherever applicable, except in a few cases relating to employees of the Company. I am informed that necessary steps are being taken for recovering the loans in such cases.

INTERNAL CONTROLS :

13. In my opinion and according to the information and explanations given to me, the existing internal control procedures are adequate and commensurate with the size of the company and the nature of its business for the purchase of stores, components, plant and machinery, equipment, other assets and for the sale of goods.

14. The Company has an Internal Audit System, the scope of which needs to be refined to make it commensurate with the size of the company and nature of its business.

RELATED PARTIES :

15. In my opinion and according to the information and explanations given to me, the transactions of purchase and sale of goods, materials and services made in pursuance of contracts or

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market price for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties. Further, for certain transactions of Purchases and Sales, quotations have not been obtained, as according to the Management, these are of special nature and considering the quality requirement and delivery schedule, the price alone cannot be the criterion.

PUBLIC DEPOSITS :

16. In my opinion and according to the information and explanations given to me, the company has complied with the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder with regard to acceptance of deposits from the public.

STAFF WELFARE :

17. According to the records, the Company has been regular in remitting Provident Fund and Employees State Insurance dues with the appropriate authorities, except in a few cases. The overdue amount outstanding as on 31st March, 2001 was Rs.12.80 lakhs towards Provident Fund and Rs.1.22 lakhs towards Employees State Insurance and the entire above said amount have been remitted subsequently with the appropriate authorities..

18. According to the information and explanations given to me, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

TAXATION :

19. According to the information and explanations given to me, *except for Rs.736.90 Lakhs towards Sales Tax*, there are no other undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which have remained outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable.

OTHERS :

20. The Company is not a sick industrial company within the meaning of clause(o) sub-section(1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. In respect of the Company's trading activity, I report that damaged goods have been determined pursuant to the Company's laid down procedures and consequential adjustments, which has not been significant, has been made in the accounts.

22. In respect of the Company's service activity, I report that :

    i. The Company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the relative jobs.

    ii. The Company has a reasonable system of billing for labour at pre-determined rates per job and does not allocate actual-hours utilized to the relative jobs.

    iii. The Company has a reasonable system of authorization at proper levels and adequate system of internal control on issue of stores and allocation of stores and labour to jobs commensurate with the size and the nature of its business.

Place : Bangalore
Date : 26.11.2001

S. SUKUMAR
CHARTERED ACCOUNTANT

www.reportjunction.com