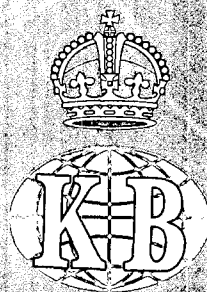


# FORTY SECOND ANNUAL REPORT 2007 - 2008

report  junction.com



## KHODAY INDIA LIMITED

**KHODAY INDIA LIMITED****BOARD OF DIRECTORS**

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

**42nd Annual Report 2007 - 2008****NOTICE**

Notice is hereby given that the FORTY SECOND Annual General Meeting of KHODAY INDIA LIMITED, will be held on Tuesday, the 30<sup>th</sup> December 2008 at 10.30 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 31-3-2008 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Maj.Gen(Retd)M.K.Paul who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr.K.L.Ramachandra 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) ORDINARY RESOLUTION:**

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

"RESOLVED that Mr. Khoday Swamy Giridhar who was appointed as an Additional Director under Article 30 of the Articles of Association of the Company and who holds office until this Annual General Meeting be and is hereby appointed as Director of the Company liable to retire by rotation."

**6) ORDINARY RESOLUTION:**

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

"RESOLVED that Mr. Bangra Kulur Ratnakar Rao, who was appointed as an Additional Director under Article 30 of the Articles of Association of the Company and who holds office until this Annual General Meeting be and is hereby appointed as Director of the Company liable to retire by rotation."

**7) ORDINARY RESOLUTION:**

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

"RESOLVED that Mr. Sudhakar Shetty, who was appointed as an Additional Director under Article 30 of the Articles of Association of the Company and who holds office until this Annual General Meeting be and is hereby appointed as Director of the Company liable to retire by rotation."

## KHODAY INDIA LIMITED

---

### 8) RESCISSION OF CERTAIN RESOLUTIONS:

To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:

"RESOLVED that the Ordinary resolution passed at the 41<sup>st</sup> Annual General Meeting of the Members of the Company held on 17th December 2007, according consent to increase the Authorized Share Capital from Rs.45 Crores to Rs.100 Crores, be and the same is hereby rescinded.

RESOLVED FURTHER that the Special Resolution passed at the 41<sup>st</sup> Annual General Meeting of the Members of the Company held on 17th December 2007, according consent for deleting the then existing Clause V of the Memorandum of Association of the Company and by substituting new Clause V, consequent on increase in Company's Authorized Share Capital from Rs.45 Crores to Rs.100 Crores be and the same is hereby rescinded.

RESOLVED FURTHER that Clause V of the Memorandum of Association of the Company as it stood before its amendment vide Resolution dated 17th December 2007 be and the same is hereby re-instated.

RESOLVED FURTHER that the Special Resolution passed at the 41<sup>st</sup> Annual General Meeting of the Members of the Company held on 17th December 2007, according consent for deleting the then existing Article 3 of the Articles of Association of the Company and by substituting new Article 3, consequent on increase in Company's Authorized Share Capital from Rs.45 Crores to Rs.100 Crores be and the same is hereby rescinded.

RESOLVED FURTHER that Article 3 of the Articles of Association of the Company as it stood before its amendment vide Resolution dated 17th December 2007 be and the same is hereby re-instated."

### 9) MODIFICATION OF SPECIAL RESOLUTION DATED 17TH DECEMBER 2007 IN THE MATTER OF ISSUE OF FRESH SECURITIES

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

"RESOLVED that in partial modification of Special Resolution passed at the 41<sup>st</sup> Annual General Meeting of the Members of the Company held on 17th December 2007, in the matter of Issue of Fresh Securities by the Company, the maximum amount up to which the fresh securities as stated in the said Resolution could be issued, be and the same is hereby reduced from the earlier limit of Rs.62 Crores to Rs.6.86 Crores (Rs.Six Crores and Eighty Six Lacs only) or its equivalent in foreign currency viz., US \$ and / or Euro at the rate of exchange prevailing on the specified date as may be fixed by the Board of Directors for the purpose.

RESOLVED FURTHER that the other terms and conditions as mentioned in the said Special Resolution dated 17th December 2007 be and shall remain unchanged."

By order of the Board  
For Khoday India Limited

(R. Venkat Subramanyan)  
Company Secretary

Place: Bangalore  
Date : 1st December 2008

## 42nd Annual Report 2007 - 2008



### 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.K.L.Ramachandra & Maj.Gen(Retd.) M K Paul, 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 forming part of the 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 shares certificates in respect of such multiple folios, to the Company's Registrar M/s.Alpha Systems Private Limited, 30 "Ramana Residency, 4<sup>th</sup> Cross, Malleswaram, Bangalore – 560 003.***
- G. The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> December 2008 to 30<sup>th</sup> December 2008 (both days inclusive)

By order of the Board  
For Khoday India Limited

Place: Bangalore  
Date : 1<sup>st</sup> December 2008

(R. Venkat Subramanyan)  
Company Secretary

## KHODAY INDIA LIMITED

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

#### ITEM NOS: 5, 6 & 7:

M/s Khoday Swamy Giridhar & Bangra Kulur Ratnakar Rao were appointed as Additional Directors at the meeting of the Board of Directors of the Company held on 15th February 2008, pursuant to Article 30 of the Articles of Association of the Company. Similarly, Mr. Sudhakar Shetty was also appointed as Additional Director on 31st October 2008. These three Additional Directors hold office only up to the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. M/s Khoday Swamy Giridhar, Bangra Kulur Ratnakar Rao & Sudhakar Shetty have expressed their willingness to continue in office and the Company has also received the notices under Section 257 of the Companies Act, 1956, from the members of the Company along with a deposit of Rs.500/- each proposing the candidatures of M/s Khoday Swamy Giridhar, Bangra Kulur Ratnakar Rao & Sudhakar Shetty for the office of Director.

Your Board recommends the adoption of resolutions for the appointment of M/s Khoday Swamy Giridhar, Bangra Kulur Ratnakar Rao & Sudhakar Shetty.

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

None of the Directors except Mr. Bangra Kulur Ratnakar Rao and Mr. Sudhakar Shetty is directly or indirectly concerned or interested in the resolutions concerning appointments of Mr. Bangra Kulur Ratnakar Rao & Mr. Sudhakar Shetty.

#### ITEM NOS. 8 & 9:

At the 41<sup>st</sup> Annual General Meeting held on 17th December 2007, the Members had passed a Resolution to increase the Authorized Share Capital from Rs.45 Crores to Rs.100 Crores, to enable the infusion of additional funds, for the purpose of undertaking the expansion of the Company's business, through issue of fresh securities to the extent of Rs.62 Crores. The Members had also accorded their consent for the consequential alterations in the Memorandum and Articles of Association.

But, in the light of the general down turn in the economy due to recessionary conditions and the sluggish trends in the capital market, your Board is presently of the view that increasing the authorized capital is not feasible in the present circumstances and instead the Management's efforts are better directed towards optimization of the available resources for better performance and enhancement of shareholder value.

Accordingly, it is proposed to rescind the enabling Resolutions concerning the increase in authorized capital and the consequential alterations to the Memorandum and Articles of Association. It is further proposed to restrict the issue of fresh securities to the extent of Rs.6.86 Crores i.e. the difference between the Issued capital of Rs.38.13 Crores and the Authorized Capital of Rs.45 Crores.

Your Board commends the resolutions for adoption.

None of the Directors is concerned in the proposed Resolutions.

By order of the Board  
For Khoday India Limited

Place: Bangalore  
Date : 1<sup>st</sup> December 2008

(R. Venkat Subramanyan)  
Company Secretary

**42nd Annual Report 2007 - 2008****REPORT OF THE DIRECTORS TO THE SHAREHOLDERS**

Your Directors take pleasure in presenting the 42<sup>nd</sup> Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 2008:

**FINANCIAL HIGHLIGHTS:****(Rs. in Lakhs)**

Particulars	2007-2008	2006-2007
1. Gross Income	<b>20920.98</b>	16810.79
Less: Excise Duty	<b>8195.54</b>	5613.22
2. Net Income	<b>12725.44</b>	11197.57
3. Profit Before Tax	<b>1026.99</b>	1169.05
4. Provision for Taxation		
Current Tax	<b>141.00</b>	140.00
Fringe Benefit Tax	<b>29.17</b>	25.46
5. Profit after Tax	<b>856.82</b>	1003.59
ADD : Income Tax for the earlier years	—	9.15
LESS : Prior year adjustments	<b>22.14</b>	—
6. Net Profit for the year	<b>834.68</b>	1012.74
7. Appropriation		
Dividend	—	375.91
Dividend Tax	—	63.89
8. Balance carried forward	<b>1407.62</b>	572.94
	<b>1407.62</b>	1012.74
9. EPS – basic	<b>2.22</b>	2.67

**REVIEW OF PERFORMANCE:**

Your Company has registered a net income of Rs. 127.25 Crores during the year as compared to Rs.111.97 Crores for the previous year representing a growth of 13.6% year on year. But the increased Excise duty payments and Raw material costs have dampened corresponding earnings in net profit.

Your Directors hope that the sales turnover of the company would be better in the years to come, depending upon the prevailing market conditions.

**DIVIDEND:**

Though your Company's operations during the year resulted in a sizable net profit of about Rs. 8.34 Crores, in view of the scarce availability of credit in the current scenario and the consequent need to improve the cash position of the Company, the management has decided to plough back the entire profit earned for improving the business operations and shareholder value. Hence, your Directors do not propose any dividend for the year.

**DIRECTORS:**

- i) In accordance with Article 37(A) of the Articles of Association of the Company, Maj.Gen(Retd) M.K.Paul & Mr. K.L. Ramachandra, Directors, retire by rotation and being eligible have offered to be re-appointed.
- ii) M/s Khoday Swamy Giridhar & Bangra Kulur Ratnakar Rao were appointed as Additional Directors at the meeting of the Board of Directors of the Company held on 15-02-2008, pursuant to Article 30 of the Articles of Association of the Company. Similarly, Mr.Sudhakar Shetty was also appointed as an Additional Director at the Meeting of the Board of Directors held on 31-10-2008. These three Directors hold office only up to the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. M/s Khoday Swamy Giridhar, Bangra Kulur Ratnakar Rao & Sudhakar Shetty have expressed

## KHODAY INDIA LIMITED

their willingness to continue in office and the Company has also received a notice under Section 257 of the Companies Act, 1956, from the members proposing their candidature for the office of Director.

### 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 reappointment, if made, would be within the prescribed limits u/s 224(1B) of the Companies Act, 1956, and that they are not disqualified for such reappointment 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 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 31<sup>st</sup> March 2008 and of the profit of the Company for the period ended 31<sup>st</sup> March 2008;
- 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: 1<sup>st</sup> December 2008  
Place: Bangalore

K.L.RAMACHANDRA  
CHAIRMAN

## 42nd Annual Report 2007 - 2008



## Annexure "A" to Directors' Report

Information pursuant to Section 217(1)(e) of the Companies Act, 1956

## FORM – A (See Rule 2)

## 1. Conservation of Energy :-

- o Increased Plant load factor was achieved during the year resulting in considerable savings in energy costs.
- o Considerable utilization of power supplied by a private producer resulted in savings in power costs.
- o Fans, lights and other electrical devices were switched off when not in use thereby achieving energy saving to a considerable extent.
- o Installation of capacitors resulted in better power factor and the resultant savings in power costs.

PARTICULARS	31-03-2008 Glass	31-03-2007 Glass
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
– Electricity		
(a) Units Purchased KWH	7219960	5560280
Amount (Rupees in '000s)	33724	27557
Rate per Unit (in Rs.)	4.67	4.95
(b) Own Generation :		
Through Diesel Generators		
Units Produced KWH	125829	51333
Rate per Unit (in Rs.)	11.78	11.98

## B. CONSUMPTION PER UNIT OF PRODUCTION

	Electricity		Furnace Oil		LP Gas		HSD Oil	
	31-3-2008	31-3-2007	31-3-2008	31-3-2007	31-3-2008	31-3-2007	31-3-2008	31-3-2007
Glass / MT	442.08 units	556.23 Units	195.84Ltrs	271.35 Ltrs	23.33 Kgs	36.12 Kgs	2.57 Ltrs	5.33 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) KTG Technology of United Kingdom adopted in innovative manner to suit the local conditions in the working of glass furnace for achieving better oil to glass ratio, for ensuring better productivity is being upgraded from time to time and absorbed fully.

b) Imported Technologies have been fully absorbed.

## 4. Foreign Exchange Earnings &amp; Out Go

[in Rs. 000s]

PARTICULARS	31-03-2008	31-03-2007
A. FOREIGN EXCHANGE OUT GO	1833	2150
B. FOREIGN EXCHANGE EARNINGS	–	507

**KHODAY INDIA LIMITED****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 2007 to 31st March 2008 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,	25,65,000/-	Contractual	As per Service Rules of the Company	M.Tech (Industrial), B.E. (Mechanical) 39 years	01 <sup>st</sup> March 2007	62 yrs	C.E.O" Himmel Breweries Limited, Delhi	NIL
P.R. Ananda Murthy *	President	24,60,000/-	Regular	As per Service Rules of the Company	B.Sc., DIISc., FICWAI	06th July 1987	74 yrs	Chairman & Managing Director National Textile Corporation, Bangalore	1 Equity Share in his name

- Notes: 1. The above mentioned employees are not related to any of the Directors of the Company.  
2. The gross remuneration as shown above includes salary & allowances.  
3. Mr. P.R. Ananda Murthy resigned from the service of the Company w.e.f. 31st May 2008.