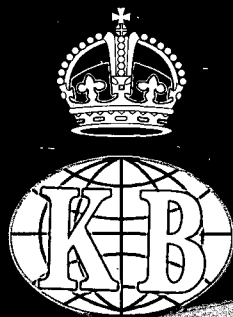


Forty Third  
Annual Report  
2008 - 2009

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**KHODAY INDIA LIMITED**

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

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

## 43rd Annual Report 2008 - 2009



## NOTICE

**NOTICE**

Notice is hereby given that the FORTY THIRD Annual General Meeting of KHODAY INDIA LIMITED, will be held on Wednesday, the 30<sup>th</sup> September 2009 at 11.00 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<sup>st</sup> March 2009 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 place of Mr.D.V.Tikekar who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr.K.S.Giridhar 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. To consider, if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution;

“RESOLVED that Mr.K.L.Swamy, whose current term as Whole-time Director with designation as Executive Director is valid upto and inclusive of 25<sup>th</sup> April 2009, be and is hereby re-appointed as Whole-time Director designated as Executive Director of the Company for a period of 5 years from 26<sup>th</sup> April 2009 to 25<sup>th</sup> April 2014.

RESOLVED FURTHER that pursuant to Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, approval be and is hereby accorded for the re-appointment of Mr.K.L.Swamy, on the remuneration and other terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to modify, alter or amend the remuneration and other terms of re-appointment from time to time provided that such remuneration shall also be in conformity with the ceiling limits specified in Part II of Schedule XIII of Companies Act, 1956, or any statutory modifications or re-enactment thereof.

RESOLVED FURTHER that the Board of Directors or the Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper, or expedient to give effect to this resolution.”

By order of the Board  
for Khoday India Limited

Place: Bangalore  
Date : 31<sup>st</sup> August 2009

(R. Venkat Subramanyan)  
Company Secretary

## KHODAY INDIA LIMITED

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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 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.D.V.Tikekar & Mr.K.S.Giridhar, 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 contained in this 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 share 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 Thursday, the 24<sup>th</sup> September 2009 to Wednesday, the 30<sup>th</sup> September 2009 (both days inclusive).

By order of the Board  
For Khoday India Limited

Place: Bangalore  
Date : 31<sup>st</sup> August 2009

(R. Venkat Subramanyan)  
Company Secretary

## 43rd Annual Report 2008 - 2009



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

ITEM NO: 5

**Re-appointment of Mr. K.L. Swamy:**

Mr.K.L.Swamy was re-appointed as Whole-time Director designated as Executive Director of the Company for a period of 5 years effective from 26<sup>th</sup> April 2004. Accordingly, his term as Whole-time Director was valid upto 25<sup>th</sup> April 2009. The Board of Directors at its meeting held on 28<sup>th</sup> February 2009, re-appointed Mr.K.L.Swamy as Whole-time Director, for a further period of 5 years from 26<sup>th</sup> April 2009 to 25<sup>th</sup> April 2014, subject to the approval of the Members at the Annual General Meeting, on the following terms as approved by the Remuneration Committee of the Board of Directors at its meeting held on 31<sup>st</sup> August 2009:

1.	Tenure	26 <sup>th</sup> April 2009 to 25 <sup>th</sup> April 2014.
2.	Salary	Rs.40,000/- (Rupees Forty Thousand Per month)
3.	Commission	1 % of the Net Profit of the Company but restricted to annual salary.
4.	Perquisites	Chauffeur driven car for official use. Free use of a mobile telephone and a fixed line telephone at residence.
		Subscription to Membership of two clubs including admission and life membership fees.
5.	Minimum remuneration	In the event of loss or inadequacy of profits in any financial year, salary as above shall be paid as minimum remuneration.
6.	Overall ceiling	In any event, the total salary, commission & perquisites shall be within the overall ceilings as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956.

Note: Profit for the purpose of the above managerial remuneration shall be as per computation under Sections 349 and 350 of the Companies Act, 1956.

Your Board recommends the adoption of resolution for the re-appointment of Mr.K.L.Swamy

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

By order of the Board  
for **Khoday India Limited**

(R. Venkat Subramanyan)  
Company Secretary

Place: Bangalore  
Date : 31<sup>st</sup> August 2009

**KHODAY INDIA LIMITED****REPORT OF THE DIRECTORS TO THE SHAREHOLDERS**

Your Directors take pleasure in presenting the 43<sup>rd</sup> Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 2009:

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

Particulars	2008-2009	2007-2008
1. Gross Income (Inclusive of other Income & increase in value of stock)	<b>24215.61</b>	20920.98
Less: Excise Duty	<b>11625.22</b>	8195.54
2. Net Income	<b>12590.39</b>	12725.44
3. Profit Before Tax	<b>(289.09)</b>	1026.99
4. Provision for Taxation		
Current Tax	-	141.00
Fringe Benefit Tax	<b>29.69</b>	29.17
5. Profit after Tax	<b>(318.78)</b>	856.82
ADD : Income Tax for the earlier years	-	-
LESS : Prior year adjustments	<b>29.69</b>	22.14
6. Net Profit for the year	<b>(348.47)</b>	834.68
7. Appropriation		
Dividend	-	-
Dividend Tax	-	-
8. Balance carried forward	<b>1059.14</b>	1407.62
	<b>1059.14</b>	1407.62
9. EPS – basic & diluted	<b>(0.93)</b>	2.22

**REVIEW OF PERFORMANCE:**

Even though your Company's gross income has registered an increase of about 15% over the previous year, a loss of Rs.3.48 Crores has been incurred during the year, mainly on account of hike in the quantum of excise duty payment owing to enhanced rates of duty and considerable increase in the overall cost of production. However, there is a significant increase in the value of stock under maturation process, the revenue from which will be realized in due course.

Your Directors hope that the Company would turn the tide and register better performance in the next year, depending upon the prevailing market conditions.

**DIVIDEND:**

Your Directors regret the inability to recommend any dividend in view of the loss incurred by the Company during the financial year.

**SUBSIDIARY:**

Khoday Properties Private Limited, a Company in the Khoday Group became the sole and wholly owned subsidiary of the Company w.e.f. 24<sup>th</sup> April 2008.

**DIRECTORS:**

i) In accordance with Article 37(A) of the Articles of Association of the Company, Mr.D.V.Tikekar & Mr.Khoday Swamy Giridhar, Directors retire by rotation and being eligible have offered to be re-appointed.

ii) The present term of Mr.K.L.Swamy, Whole-time Director designated as Executive Director is valid upto 25<sup>th</sup> April 2009. At the Board Meeting held on 28<sup>th</sup> February 2009, your Directors have re-appointed Mr. Swamy for a further period of 5 years. Consent of the members is being sought both for his re-appointment and the terms thereof, at the ensuing Annual General Meeting.

**43rd Annual Report 2008 - 2009****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 re-appointment, if made, would be within the prescribed limits u/s 224(1B) of the Companies 1956, and that they are not disqualified for such re-appointment 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 the 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 2009 and of the loss of the Company for the period ended 31<sup>st</sup> March 2009;
- 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: 31<sup>st</sup> August 2009

Place: Bangalore

**K.L. RAMACHANDRA**  
**CHAIRMAN**



**KHODAY INDIA LIMITED****Annexure "A" to Directors' Report**

Information pursuant the companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988

**FORM – A (See Rule 2)****1. Conservation of Energy :-**

- Plant load factor was maintained at the optimum level most of the time thereby achieving considerable savings in energy costs.
- Considerable utilization of power supplied by a private producer resulted in savings in power costs.
- Fans, lights and other electrical devices were switched off when not in use thereby achieving energy saving to a considerable extent.
- Installation of capacitors resulted in better power factor and the resultant savings in power costs.

PARTICULARS	31-03-2009	31-03-2008
	Glass	Glass
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
– Electricity		
(a) Units Purchased KWH	6912540	7219960
Amount (Rupees in '000s)	31998	33724
Rate per Unit (in Rs.)	4.63	4.67
(b) Own Generation :		
Through Diesel Generators		
Units Produced KWH	127809	125829
Rate per Unit (in Rs.)	12.58	11.78

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Glass / MT	Electricity		Furnace Oil		LP Gas		HSD Oil	
	31-3-2009	31-3-2008	31-3-2009	31-3-2008	31-3-2009	31-3-2008	31-3-2009	31-3-2008
	459.42 units	442.08 Units	231.46Ltrs	195.84 Ltrs	25.42 Kgs	23.33 Kgs	4.59 Ltrs	2.57 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) Significant improvement in achieving better oil to glass ratio continues to be made as part of overall plans for improving better productivity through innovative adaptation of KTG Technology of United Kingdom.

b) Imported Technologies have been fully absorbed.

**4. Foreign Exchange Earnings & Out Go**

[in Rs. 000s]

PARTICULARS	31-03-2009	31-03-2008
A. FOREIGN EXCHANGE OUT GO	1743	1833
B. FOREIGN EXCHANGE EARNINGS	4866	–

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## 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 2008 to 31st March 2009 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,	28,89,000/-	Contractual	As per Service Rules of the Company	M.Tech (Industrial), B.E. (Mechanical) 40 years	01 <sup>st</sup> March 2007	63 yrs	C.E.O" Himmel Breweries Limited, Delhi	NIL

Notes: The above mentioned employees is not related to any of the Directors of the Company.