



**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. B.K. RATNAKAR RAO</b>	INDEPENDENT DIRECTOR
<b>Mr. SUDHAKAR SHETTY</b>	INDEPENDENT DIRECTOR
<b>Mr. P.R. ANANDA MURTHY</b>	INDEPENDENT DIRECTOR
<b>Mr. D.V. SATHYANARAYANA</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>	BANKERS
<b>"Brewery House"</b> <b>7th Mile, Kanakapura Road</b> <b>Bangalore - 560 062</b> <b>Ph : 080-22956569</b>	REGISTERED OFFICE





## NOTICE

Notice is hereby given that the Forty Fifth Annual General Meeting of the members of Khoday India Limited, will be held on Friday the 28<sup>th</sup> October 2011 at 12.00 Noon at Shravanthi Kalyana Mantapa, Doddakallasandra, Kanakapura Main Road, Bangalore-560 062, to transact the following business:

### Ordinary Business:

- 1) To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2011 , the Profit and Loss Account for the year ended on that date and the Reports of the Board of 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) To consider, if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED that pursuant to Sections 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions of the Companies Act, 1956, consent of the members be and is hereby given for the re-appointment of Mr.K.L.Srihari, Vice-Chairman & Managing Director, of the Company for a period of 5 years from 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2015, on the remuneration and other terms and conditions as set out herein below:

1.	Tenure	1 <sup>st</sup> January 2011 to 31 <sup>st</sup> December 2015
2.	Salary	Rs.1,00,000/- (Rupees One Lakh 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 excluding 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.

RESOLVED further that the Board of Directors be and is hereby authorized to modify, alter or amend the remuneration and other terms of 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."

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

"RESOLVED that pursuant to Sections 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions of the Companies Act, 1956, consent of the members be and is hereby given for the re-appointment of Mr. K.L.A. Padmanabhasa Joint Managing Director, of the Company for a period of 5 years from 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2015, on the remuneration and other terms and conditions as set out herein below:

1.	Tenure	1 <sup>st</sup> January 2011 to 31 <sup>st</sup> December 2015
2.	Salary	Rs.1,00,000/- (Rupees One Lakh 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 excluding 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.

RESOLVED further that the Board of Directors be and is hereby authorized to modify, alter or amend the remuneration and other terms of 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."

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

"RESOLVED that Mr. Damam Vittalsa Sathyanarayana, 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."



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

“RESOLVED that in accordance with Section 94(1)(e) read with Section 94(2) of the Companies Act, 1956, consent of the Members be and is hereby accorded to cancel 5,43,000 equity shares of Rs.10/- each which were issued during the year 1995 but not subscribed and thereby diminish the amount of the issued capital by the amount of shares so cancelled.

RESOLVED FURTHER that the Board of Directors 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 : 23-09-2011

(R. Venkat Subramanyan)  
*Company Secretary*

**Notes:**

- A. A member entitled to attend and vote at the annual general meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and a proxy need not be a member of the Company.
- 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. Members are requested to bring their attendance slip along with their copy of annual report to 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 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, Maj.Gen(Retd.,) M.K.Paul and Mr.K.L.Ramachandra, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Further, in accordance with Article 44(A) of the Articles of Association, Mr.K.L.Srihari, Vice-Chairman & Managing Director and Mr.K.L.A. Padmanabhasa, Joint Managing Director are proposed to be re-appointed for a further period of 5 years w.e.f. 01-01-2011. It is also proposed to appoint Mr.Damam Vittalsa Sathyanarayana pursuant to Section 257 of the Companies Act, 1956, as Director liable to retire by rotation. 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-appointments / appointment.
- F. Members holding shares in electronic form are requested to intimate immediately of any change in their address to their Depository Participants (DPs) with whom they maintain demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company’s Registrar M/s.Integrated Enterprises (India) Limited, 30 “Ramana Residency, 4<sup>th</sup> Cross, Malleswaram, Bangalore – 560 003 (formerly known as Alpha Systems Private Limited)
- G. The Securities and Exchange Board of India (SEBI) has mandated the submission of Income Tax Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit copy of PAN card to their DP. Members holding shares in physical form can submit copy of PAN card to M/s.Integrated Enterprises (India) Limited,.
- H. Members holding shares in physical form under more than one folio are advised to have all such shares consolidated into a single folio by sending a request letter to M/s.Integrated Enterprises (India) Limited, together with the original Share Certificates in respect of such multiple folios.
- I. The Register of Members and Share Transfer Books of the Company will remain closed from Friday the 21<sup>st</sup> October 2011 to Friday the 28<sup>th</sup> October 2011 (both days inclusive)

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

Place: Bangalore  
Date : 23-09-2011

(R. Venkat Subramanyan)  
*Company Secretary*

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5****Re-appointment of Mr.K.L.Srihari:**

Mr.K.L.Srihari was re-appointed as Vice- Chairman & Managing Director of the Company for a period of 5 years effective from 1<sup>st</sup> January 2006 to 31<sup>st</sup> December 2010. Hence, the Board of Directors at its meeting held on 6<sup>th</sup> September 2010, re-appointed Mr.K.L.Srihari as Vice- Chairman & Managing Director of the Company for a further period of 5 years from 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2015, on the terms and conditions as set out in the resolution and as approved by the Remuneration Committee of the Board of Directors at its meeting held on 23<sup>rd</sup> September 2011. The approval of the Members at the ensuing Annual General Meeting is sought for his re-appointment,

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

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

**Item No. 6****Re-appointment of Mr.K.L.A.Padmanabhasa:**

Mr.K.L.A.Padmanabhasa was re-appointed as Joint Managing Director of the Company for a period of 5 years effective from 1<sup>st</sup> January 2006 to 31<sup>st</sup> December 2010. Hence, the Board of Directors at its meeting held on 6<sup>th</sup> September 2010, re-appointed Mr.K.L.A.Padmanabhasa as Joint Managing Director of the Company for a further period of 5 years from 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2015, on the terms and conditions as set out in the resolution and as approved by the Remuneration Committee of the Board of Directors at its meeting held on 23<sup>rd</sup> September 2011. The approval of the Members at the ensuing Annual General Meeting is sought for his re-appointment,

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

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

**Item No. 7**

Mr. Damam Vittalsa Sathyanarayana who was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 23<sup>rd</sup> September 2011, pursuant to Article 30 of the Articles of Association of the Company, holds office only up to the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. Mr. Sathyanarayana has expressed his willingness to continue in office and the Company has also received a notice under Section 257 of the Companies Act, 1956, from a member of the Company along with a deposit of Rs.500/- proposing the candidature of Mr. Sathyanarayana for the office of Director. The detailed profile of Mr. Sathyanarayana is given in the Corporate Governance Report.

Your Board recommends the adoption of resolution for the appointment of Mr. Damam Vittalsa Sathyanarayana

None of the Directors except Mr. Damam Vittalsa Sathyanarayana is directly or indirectly concerned or interested in the resolution concerning his appointment.

**Item No. 8**

During the year 1995, 50,00,000 equity shares were issued on a preferential basis to the Company's promoter shareholders, pursuant to Section 81 (1A) of the Companies Act, 1956, out of which, 5,43,000 equity shares remained un-subscribed. As there is no prospect of any subscription to these shares, it is considered expedient to obtain members' approval for cancelling the said issued but un-subscribed shares and thereby diminish the amount of the issued capital by the amount of shares so cancelled, in accordance with Section 94(1)(e) read with Section 94(2) of the Companies Act, 1956.

Your Board recommends the adoption of resolution.

None of the Directors is directly or indirectly concerned or interested in the resolution.

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

Place: Bangalore  
Date : 23-09-2011

(R. Venkat Subramanyan)  
*Company Secretary*



## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors present the 45<sup>th</sup> Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2011:

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

Particulars	2010-2011	2009-2010
1. Gross Income	<b>32631.17</b>	31785.25
Less: Excise Duty	<b>18556.91</b>	17061.40
2. Net Income	<b>14074.26</b>	14723.85
3. Profit/(Loss) before Tax	<b>(1292.42)</b>	(675.18)
4. Provision for Taxation		
Current Tax	—	—
5. Profit/(Loss) after Tax	<b>(1292.42)</b>	(675.18)
LESS : Income Tax for the earlier years	<b>(37.00)</b>	131.06
LESS : Prior year adjustments	<b>(3.50)</b>	(13.85)
6. Net Profit/(Loss) for the year	<b>(1332.92)</b>	(557.97)
7. Appropriation		
Dividend	—	—
Dividend Tax	—	—
8. Balance carried forward	<b>831.75</b>	501.17
	<b>831.75</b>	501.17
9. EPS – basic & diluted	<b>(3.55)</b>	(1.48)

### REVIEW OF PERFORMANCE:

Even though your Company's gross income has registered an increase of about Rs.8.45 Crores over the previous year, a loss of Rs.13.32 Crores has been incurred during the year mainly on account of increase in the quantum of excise duty and interest payments as well as considerable increase in the overall cost of production.

### DIVIDEND:

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

### DIRECTORS:

- i) Your Directors note with profound sorrow, the sudden and untimely demise of their colleague on the Board Mr.D.V.Tikekar on 4<sup>th</sup> September 2011. The Board of Directors at its meeting held on 23<sup>rd</sup> September 2011, appointed Mr.Puranic Ramachar Ananda Murthy as Director in the Casual Vacancy caused by the demise of Mr.Tikekar, under Section 262 of the Companies Act, 1956. Mr.Ananda Murthy will hold office until the date of Annual General Meeting to be held in the year 2012, i.e. the date upto which Mr.Tikekar would have been in office.
- ii) The Board of Directors at its meeting held on 23<sup>rd</sup> September 2011 also appointed Mr. Damam Vittalsa Sathyanarayana as Additional Director pursuant to Article 30 of the Articles of Association of the Company. Mr. Sathyanarayana holds office only up to the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, and he has expressed his willingness to continue in office. The Company has since received a notice under Section 257 of the Companies Act, 1956, from a member proposing the candidature of Mr.Sathyanarayana for the office of Director.





- iii) In accordance with Article 37(A) of the Articles of Association of the Company Maj.Gen(Retd.) M.K.Paul and Mr.K.L.Ramachandra, Directors retire by rotation and being eligible have offered to be re-appointed.
- iv) In accordance with Section 317 of the Companies Act, 1956, the present term of office of Mr.K.L.Srihari, who was appointed as Vice-Chairman and Managing Director for a period of five years has ceased on 31<sup>st</sup> December 2010. Similarly the present term of office of Mr.K.L.A.Padmanabhasa, who was appointed as Joint Managing Director for a period of five years has also ceased on 31<sup>st</sup> December 2010. Hence, at the Board Meeting held on 6<sup>th</sup> September 2010, your Directors have reappointed Mr.Srihari as Vice-Chairman and Managing Director & Mr.K.L.A.Padmanabhasa as Joint Managing Director for a further period of 5 years, subject to the consent of the members for their respective re-appointments and the terms thereof, at the ensuing Annual General Meeting.

### **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 Act, 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, AS AMENDED:**

No employee of the Company was in receipt of remuneration exceeding Rs.5 Lakhs per month or Rs.60 Lakhs per annum, during the financial year.

### **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.

### **EXEMPTION FROM ATTACHING THE BALANCE SHEET OF COMPANY'S WHOLLY OWNED SUBSIDIARY M/S. KHODAY PROPERTIES PRIVATE LIMITED.**

The Company has availed exemption from attaching to its own balance sheet, the balance sheet of Company's wholly owned subsidiary M/s. Khoday Properties Private Limited pursuant to General Circular 02/2011 dated 08<sup>th</sup> February 2011 issued by the Ministry of Corporate Affairs under Section 212 of the Companies Act, 1956. In compliance therewith, your directors undertake to provide such information as may be sought by the Company's shareholders about the accounts of Khoday Properties Private Limited for the financial year 2010-11. Copies of the audited balance sheet of Khoday Properties Private Limited as at 31<sup>st</sup> March 2011 and profit and loss account for the year ended on that date have been kept for inspection by the Company's shareholders, both at the Registered Office of the Company and that of Khoday Properties Private Limited.



## **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 2011 and of the profit of the Company for the period ended 31<sup>st</sup> March 2011;
- 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**

Place: Bangalore  
Date: 23-09-2011

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