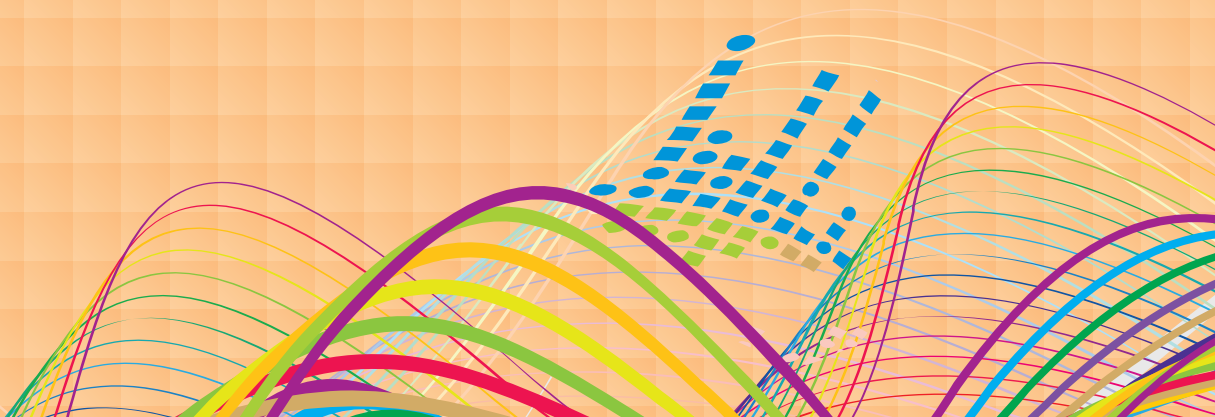


FORTY SIXTH
ANNUAL REPORT
2011 - 2012



KHODAY INDIA LIMITED



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BOARD OF DIRECTORS

| | |
|---|--------------------------------------|
| Mr. K.L. RAMACHANDRA | CHAIRMAN |
| Mr. K.L. SRIHARI | VICE CHAIRMAN & MANAGING DIRECTOR |
| Mr. K.L.A. PADMANABHASA | JOINT MANAGING DIRECTOR |
| Mr. K.L. SWAMY | EXECUTIVE DIRECTOR |
| Mr. K.R. NITHYANAND | DIRECTOR |
| Mr. K.H. GURUNATH | DIRECTOR |
| Mr. K.S. GIRIDHAR | DIRECTOR |
| Prof. L.R. VAGALE | INDEPENDENT DIRECTOR |
| Major Gen. (Retd.) M.K. PAUL | INDEPENDENT DIRECTOR |
| Mr. B.K. RATNAKAR RAO | INDEPENDENT DIRECTOR |
| Mr. SUDHAKAR SHETTY | INDEPENDENT DIRECTOR |
| Mr. P.R. ANANDA MURTHY | INDEPENDENT DIRECTOR |
| Mr. D.V. SATHYANARAYANA | INDEPENDENT DIRECTOR |
| Mr. D. PRABHAKARA RAO | INDEPENDENT DIRECTOR |
| Mr. R. VENKAT SUBRAMANYAN | COMPANY SECRETARY |
| M/s. RANGARAJU & ASSOCIATES Chartered Accountants Bangalore | AUDITOR |
| CANARA BANK PUNJAB NATIONAL BANK DHANALAKSHMI BANK | BANKERS |
| "Brewery House" 7th Mile, Kanakapura Road Bangalore - 560 062 | REGISTERED OFFICE |
| M/s Integrated Enterprises (I) Ltd No:30, "Ramana Residency" 4 th Cross, Sampige Road, Malleswaram, Bangalore-560 003 Tel : 080- 23460815 -18 | REGISTRAR & SHARE TRANSFER AGENTS |



NOTICE

Notice is hereby given that the Forty Sixth Annual General Meeting of the members of Khoday India Limited, will be held on Tuesday the 30th October 2012 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 31st March 2012, the Statement of Profit and Loss 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 Mr.Sudhakar Shetty 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 a Special Resolution:
"RESOLVED that Mr. Puranic Ramachar Ananda Murthy, appointed as Director in casual vacancy caused by the demise of Mr.D.V.Tikekar, pursuant to Article 30 of the Articles of Association of the Company and who holds office until this Annual General Meeting in accordance with Section 262 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation."
- 6) To consider, if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. Khoday Ramachandra Nithyanand, 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) To consider, if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. Gurunath Srihari Khoday, 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 Mr. Dowray Prabhakara 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."

By order of the Board
for Khoday India Limited

(R. Venkat Subramanyan)
Company Secretary

Place: Bangalore
Date : 22nd September 2012



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/Proxies are requested to bring the attendance slip along with their copy 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, Mr.Sudhakar Shetty and Mr.K.S.Giridhar, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Further, It is also proposed to appoint Mr. Puranic Ramachar Ananda Murthy, Mr.Khoday Ramachandra Nithyanand, Mr.Gurunath Srihari Khoday and Mr.Dowray Prabhakara Rao, as Directors liable to retire by rotation, pursuant to Section 257 of the Companies Act, 1956. 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 / appointments.
- 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, 4th Cross, Malleswaram, Bangalore – 560 003.
- 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 Monday the 22nd October 2012 to Tuesday the 30th October 2012 (both days inclusive).

By order of the Board
for Khoday India Limited

Place: Bangalore
Date : 22nd September 2012

(R. Venkat Subramanyan)
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No: 5**

Appointment of Mr. Puranic Ramachar Ananda Murthy:

Mr. Puranic Ramachar Ananda Murthy who was appointed as Director in the casual vacancy caused by the demise of Mr.D.V.Tikekar, at the meeting of the Board of Directors of the Company held on 23rd 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 262 of the Companies Act, 1956. Mr. Ananda Murthy 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. Ananda Murthy for the office of Director. The detailed profile of Mr.Ananda Murthy is given in the Corporate Governance Report.

Your Board recommends the adoption of resolution for the appointment of Mr. Puranic Ramachar Ananda Murthy .

None of the Directors except Mr. Puranic Ramachar Ananda Murthy is directly or indirectly concerned or interested in the resolution concerning his appointment.

Item Nos: 6, 7 & 8:

Mr.Khoday Ramachandra Nithyanand, Mr.Gurunath Srihari Khoday and Mr.Dowray Prabhakara Rao, who were appointed as Additional Directors at the meeting of the Board of Directors of the Company held on 15th May 2012, pursuant to Article 30 of the Articles of Association of the Company, hold office only up to the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. Mr.Nithyanand, Mr.Gurunath & Mr.Prabhakara Rao have expressed their willingness to continue in office and the Company has also received three separate 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 candidature of Mr.Nithyanand, Mr.Gurunath & Mr.Prabhakara Rao respectively for the office of Director. The detailed profile of each of the above persons are given in the Corporate Governance Report.

Your Board recommends the adoption of resolutions for the appointments of Mr. Khoday Ramachandra Nithyanand, Mr.Gurunath Srihari Khoday and Mr.Dowray Prabhakara Rao.

None of the Directors excepting the appointee directors viz., Mr. Nithyanand, Mr. Gurunath & Mr. Prabhakara Rao, and the Promoter directors Mr.K.L. Ramachandra, Mr. K.L. Srihari, Mr. K.L.A. Padmanabhasa, K.L. Swamy, K.S. Giridhar and are directly or indirectly concerned or interested in the resolutions.

By order of the Board
for Khoday India Limited

Place: Bangalore
Date : 22nd September 2012

(R. Venkat Subramanyan)
Company Secretary

**REPORT OF THE DIRECTORS TO THE SHAREHOLDERS**

Your Directors present the 46th Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 2012:

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

| Particulars | 2011-2012 | 2010-2011 |
|--|----------------|------------------|
| 1. Revenue from operations | 16477.40 | 13743.10 |
| Other Income | 176.17 | 331.16 |
| 2. Total Revenue | 16653.57 | 14074.26 |
| 3. Profit /(Loss) before Tax | 1926.26 | (1292.42) |
| 4. Provision for Taxation | | |
| Current Tax | 343.00 | - |
| 5. Profit/(Loss)after Tax | 1583.26 | (1292.42) |
| LESS: Income Tax for the earlier years | 0.48 | 37.00 |
| LESS: Prior year adjustments | 2.50 | 3.50 |
| 6. Net Profit/(Loss)for the year | 1580.28 | (1332.92) |
| 7. Appropriation | | |
| Dividend | - | - |
| Dividend Tax | - | - |
| 8. Balance carried forward | 1580.28 | (1332.92) |
| 9. EPS – Basic & Diluted | 4.20 | (3.55) |

REVIEW OF PERFORMANCE:

Your Directors note with satisfaction that the Company's net revenue has registered an increase of about Rs.25.79 Crores over the previous year.

Your Directors are pleased to announce that the Company has successfully made a turn around and registered a net profit of Rs.15.80 Crores for the year.

Your Directors hope that the Company will continue to improve its performance and maximize shareholder value.

DIVIDEND:

Though the Company has earned an after tax profit of Rs.15.80 Crores, in view of the scarce availability as well as the increasing cost of funds in the current scenario and the consequent need to improve cash position of the Company, the Management has decided to plough back the entire profit earned for improving 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, Mr. Sudhakar Shetty and Mr. K.S. Giridhar, Directors retire by rotation and being eligible have offered to be re-appointed.



- ii) Mr. Puranic Ramachar Ananda Murthy who was appointed as Director in the casual vacancy caused by the demise of Mr.D.V.Tikekar, at the meeting of the Board of Directors of the Company held on 23rd 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 262 of the Companies Act, 1956. Mr. Ananda Murthy has expressed his willingness to continue in office and the Company has since received a notice under Section 257 of the Companies Act, 1956, from a member proposing the candidature of Mr.Ananda Murthy for the office of Director.
- iii) Mr.Khoday Ramachandra Nithyanand, Mr.Gurunath Srihari Khoday and Mr.Dowray Prabhakara Rao were appointed as Additional Directors by the Board of Directors at its meeting held on 15th May 2012, pursuant to Article 30 of the Articles of Association of the Company. The said three Additional Directors hold office only up to the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, and they have expressed their willingness to continue in office. The Company has since received three separate notices under Section 257 of the Companies Act, 1956, from the members proposing the candidature of Mr.Khoday Ramachandra Nithyanand, Mr.Gurunath Srihari Khoday and Mr.Dowray Prabhakara Rao 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*.

REMARKS OF AUDITORS :

Delay in payment of statutory dues and default in timely repayment of principal and interest dues to banks.

COMMENTS ON REMARKS OF AUDITORS :

The delay in remittances towards Professional Tax, Employees State Insurance & Provident Fund and the default in timely repayment of principal and interest dues to bank, occurred due to unavoidable circumstances.

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 08th 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 2011-12. Copies of the audited balance sheet of Khoday Properties Private Limited as at 31st March 2012 and statement of profit and loss 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 have 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 31st March 2012 and of the profit of the Company for the period ended 31st March 2012;
- 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 : 22nd September 2012
Place: Bangalore

K.L. RAMACHANDRA
CHAIRMAN



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 :-

- Optimum plant load factor was ensured during the manufacturing cycle resulting in considerable savings in energy costs.
- Fans, lights and other electrical devices were switched off when not in use thereby achieving energy saving to a considerable extent. Regular lighting is increasingly being switched to CFLs.
- Replacement of capacitors resulted in better power factor and the resultant savings in power costs.
- The other disclosures of particulars in Form ‘A’ are not applicable, as the production is company’s glass manufacturing unit ceased w.e.f. 01-07-2010.

FORM – B (See Rule 2)

2. RESEARCH AND DEVELOPMENT EFFORTS :

No Research and Development activities were undertaken by the Company during the year.

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

The Company did not introduce any new technology in its manufacturing process during the year.

4. Foreign Exchange Earnings & Out Go

[in Rs. 000s]

| PARTICULARS | 31-03-2012 | 31-03-2011 |
|------------------------------|------------|------------|
| A. FOREIGN EXCHANGE OUT GO | 9321 | 11192 |
| B. FOREIGN EXCHANGE EARNINGS | 6436 | 5303 |