

Khoday India Limited

DISTILLERS, BREWERS & MALTSTERS

Regd. Office : "BREWERY HOUSE" 7th Mile, Kanakapura Road
BANGALORE-560 062

NOTICE


Notice is hereby given under Section 101(2) of the Companies Act, 2013, that the Fiftieth Annual General Meeting of the members of Khoday India Limited, will be held on Monday the 27th June 2016 at 11.00 a.m at the Registered Office of the Company at "Brewery House", Kanakapura Main Road, Bangalore-560 062, to transact the following business:

Ordinary Business:

- 1) To receive, consider and adopt the standalone and consolidated Financial Statements of the Company as at 31st March 2016 and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr.K.R.Nithyanand who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr.K.H.Gurunath who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To ratify the appointment of M/s Rangaraju & Associates, Chartered Accountants, Bangalore as auditors and to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to first proviso to Section 139 (1) of the Companies Act, 2013, the appointment of M/s Rangaraju & Associates, Chartered Accountants, Bangalore as Auditors of the Company, for a period of 3 years from the conclusion of the Annual General Meeting held on 29-12-2014 until the conclusion of the Annual General Meeting of the Company to be held in respect of the financial year 2016-17, be and is hereby ratified."

For Khoday India Limited


(R. Venkat Subramanyan)
Company Secretary

Special Business:

Item no: 5

To consider, if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution;

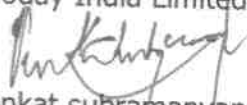
/2016 "RESOLVED that pursuant to proviso to Section 196 (3) of the Companies Act, 2013, consent of the members be and is hereby given for the continuance of Mr.K.L.Swamy, who will be attaining 70 years of age on 18-09-2016, as Whole-time Director designated as Executive Director of the Company for the remainder of the term of his appointment for a period of 5 years from 26th April 2014 to 25th April 2019 on the same terms and conditions of the appointment effected vide the Special Resolution passed by the Members of the Company at the 48th Annual General Meeting held on 29th December 2014".

Item no: 6:

To consider, if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution;

/2016 "RESOLVED that Mr.Khaja Afzaluddin Sheriff, who was appointed as an Additional Director in the category of Independent Director, under Section 161 of the Companies Act, 2013 (Act), read with 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 Independent Director of the Company to hold office for a term of five consecutive years up to 19-06-2021, under Section 160 read with Section 149 of the Act, "

Place: Bangalore
Date : 28th May 2016

By order of the Board
For Khoday India Limited

(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 such 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 their attendance slip along with their copy annual report to the Meeting.
- C. The Register of Members and Share Transfer Books will remain closed from 20th June 2016 to 27th June 2016 (both days inclusive)
- D. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed herein.
- E. 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.

In compliance with Section 152 (6) of the Companies Act, 2013 read with Article 37 (A) of the Articles of Association of the Company, the two non-executive Directors viz., Mr.K.R.Nithyanand and Mr.K.H.Gurunath 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 commends their respective re-appointments.

- F. In compliance with Section 196 of the Companies Act, 2013, a separate special resolution is proposed to be considered for adoption at the ensuing AGM for the continuation of appointment of Mr.K.L.Swamy, Executive Director, who will be attaining 70 years of age on 18-09-2016.
- G. In compliance with Section 161 read with Sections 160 and 149 of the Companies Act, 2013, an ordinary resolution is proposed to be considered for adoption at the ensuing AGM for the appointment of Mr.Khaja Afzaluddin Sheriff as Independent Director of the Company.

By order of the Board
For Khoday India Limited


(R.Venkat subramanyan)
Company Secretary

Place: Bangalore
Date : 28th May 2016

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No: 5

Continuation of appointment of Mr.K.L.Swamy as Executive Director:

Mr.K.L.Swamy was re-appointed as Executive Director of the Company for a period of 5 years from 26th April 2014 to 25th April 2019 pursuant to the Special Resolution passed by the Members of the Company at the Annual General Meeting held on 29th December 2014. Even though, Mr.Swamy will be attaining 70 years of age on 18-09-2016, his vast and rich experience in helping the marketing and distribution functions of the Company, combined with his undiminished business acumen and skills are essential for the Company's business. Mr.Swamy's continuation as Executive Director for the remainder of the current term of appointment, after 18-09-2016 is subject to the approval by the Members by a Special Resolution, in terms of Section 196 (3) of the Companies Act, 2013. The terms and conditions of his appointment already approved by the Members, remains unchanged.

Your Board recommends the adoption of the resolution.

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

Item no: 6 :

Appointment of Mr.Khaja Afzaluddin Sheriff as Director

Mr.Khaja Afzaluddin Sheriff, was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 28th May 2016, pursuant to Article 30 of the Articles of Association of the Company, holds office only up to the ensuing Annual General Meeting under Section 161 of the Companies Act, 2013. Mr.Khaja Afzaluddin Sheriff has expressed his willingness to continue in office and the Company has also received a notice under Section 160 of the Companies Act, 2013, from a member of the Company along with a the requisite deposit proposing the candidature of Mr.Khaja Afzaluddin Sheriff for the office of Director. The detailed profile Mr.Khaja Afzaluddin Sheriff is given in the Corporate Governance Report.

Your Board recommends the adoption of resolution for the appointment of Mr.Khaja Afzaluddin Sheriff

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

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DISTILLERS, BREWERS & MALTSTERS

Regd. Office : "BREWERY HOUSE" 7th Mile, Kanakapura Road
BANGALORE-560 062

DIRECTORS' REPORT

Your Directors present the 50th Annual Report on the working of your Company and the Audited Statement of Accounts for the year ended 31st March 2016:

Financial Highlights (Stand Alone):

(Rs.in Lakhs)

Sl.No.	Particulars	2015-16	2014-15
1.	Revenue from operations	20039.83	15945.70
	Other Income	271.27	55.65
2.	Total Revenue	20311.10	16001.35
3.	Profit /(Loss) before exceptional items and Tax	319.45	(3125.61)
4.	Exceptional items	-	256.68
5.	Profit / (Loss) after exceptional items but before tax	319.45	3382.29
6.	Provision for Taxation Current Tax	-	-
7.	Profit/(Loss)after Tax LESS: Income Tax for the earlier years LESS: Prior year adjustments	319.45 1.01 -	(3382.29) 0.72 3.46
8.	Net Profit/(Loss)for the year	318.44	(3386.47)
9.	Appropriation Dividend Dividend Tax	- - -	- - -
10.	Balance carried forward	318.44	(3386.47)
11.	EPS – Basic & Diluted	0.95	(9.56)

Review of performance:

The Company has registered net income of Rs.200.39 crores, which represents an increase of 20.43 % over the previous year. A net profit of Rs.3.18 crores has been earned, on the back of income of Rs.40.78 crores from Realty Segment, and after setting off the losses incurred during the three quarters.

Dividend:

With view to improve the cash position and thus improve business operations, the management has decided to plough back the entire profit earned. Hence your Directors do not propose any dividend for the year.

Change in nature of business, if any and material changes and commitments:

There has been no change in the nature of business during the financial year. So also there has been no material change and commitments between 31st March 2016 and 25th May 2015, impacting the financial position of the Company.

Details of significant and material Orders passed by Regulators / Courts :

a) Reduction of paid-up equity share capital :-

During June 2014, the Company filed a petition numbered 132/2014 before the Hon'ble High Court of Karnataka at Bangalore praying for an Order confirming the special resolution passed by the members at the Annual General Meeting held on 30th December 2013 for reduction of paid-up equity share capital by cancelling 39,31,042 shares held by the public, under Section 100 read with Sections 101 to 105 of the Companies Act, 1956.

The Hon'ble Court vide its Order dated 07th August 2014, allowed the Company's petition by confirming the said special resolution. Upon filing a certified copy of the said Order with the Registrar of Companies in Karnataka, Bangalore, the Registrar issued the Certificate of Registration dated 12th September 2014, for alteration by reduction of the paid-up equity share capital from Rs.37,59,12,370/- to Rs.33,66,01,950/- . Consequently the entire paid-up share capital of the Company presently held by its promoters and persons belonging to the promoter group.

Subsequently , about 4 weeks thereafter, Securities and Exchange Board of India (SEBI), filed multiple applications before the same Court for (i) impleading itself in the Company's petition and (ii) recall and stay of the Order dated 07-08-2014, which were all dismissed by the Court vide its subsequent Order dated 21-09-2015. Although SEBI has filed an appeal before the Division Bench of the same Court, which is pending adjudication, the said Order has not been stayed and is in force as an Order-in-rem.

In the mean while, the Company's consistent efforts to implement the Court's Order by fixing the Record Date first on 29-09-2014 and subsequently on 10-10-2014, 07-12-2014, 07-04-2015, 22-06-2015 and 13-10-2015 for the purpose of drawing up the list of erstwhile public shareholders entitled to payment in respect of the shares so cancelled, have not so far been accepted by BSE Limited, reportedly at the instance of SEBI.

The Orders of the Court as detailed above, do not impact the going concern status of the Company.

b) Listing Agreement with stock exchanges

The Company has complied with the requirements of regulatory authorities on capital markets and no penalties have been imposed during the last three years. However, in the matter of compliance with the requirement of minimum public shareholding under Rule 19 (2)(b) and 19(A) of Securities Contract (Regulation) Rules 1957, read with Clause 40(A) of the Listing Agreement, the Securities and Exchange Board of India (SEBI) vide its final order dated 24th July 2014 confirmed its interim order dated 04th June 2013, vide which i) the voting right in respect of shares held by the persons in the promoters/ promoter group of the Company was frozen and restricted to 1/3 of the entitlement, i.e. to the extent of 31.38 % ii) the buying and selling or otherwise dealing in securities of the Company held by the promoters was prohibited and iii) the promoters and directors of the Company were restrained from holding any new position as a director in any listed company.

The Company has already challenged the Order of SEBI in an Appeal filed before Securities Appellate Tribunal, on the strength of the Order dated 07th August 2014 (as reinforced vide the subsequent Order dated 21-09-2015) passed by the Hon'ble High Court of Karnataka. The appeal is pending adjudication.

Internal Control Systems:

The Company has an adequate system of internal financial controls and procedures commensurate with the size and nature of business which was revised w.e.f. 01-04-2015. These procedures are designed to ensure that all the assets are safeguarded, protected against loss and all transactions authorized, recorded and reported correctly. The internal control systems of the Company are monitored, reviewed and evaluated periodically by the members of the Audit Committee.

Deposits:

The Company did not accept any deposits from the public during the year. Further, there were no outstanding deposits pending repayment.

Directors :

Changes in Directors:

There was no change in the Board of Directors of the Company during the financial year. However, it is informed with deep regret that Prof.L.R.Vagale, an Independent Director and Member of Audit Committee, passed away on 09-04-2016. Mr.Khaja Afzaluddin Sheriff was appointed as an Independent Director in the vacancy, caused by the demise of Prof.L.R.Vagale

Re-appointment of directors retiring by rotation:

In accordance with Article 37(A) of the Articles of Association of the Company Mr.K.R.Nithyanand and Mr.K.H.Gurunath the Non-Executive Directors retire by rotation and being eligible have offered to be re-appointed at the ensuing Annual General Meeting.

Continuance of appointment of Mr.K.L.Swamy, Executive Director

Mr.K.L.Swamy and was re-appointed as Executive Director of the Company for a period of 5 years from 26th April 2014 to 25th April 2019, pursuant to the Special Resolution passed by the Members of the Company at the Annual General Meeting held on 29th December 2014. In accordance with Section 196 (3) of the Companies Act, 2013, the continuance of a Whole-time Director of a Company beyond 70 years of age requires the approval of the Members of the Company. Even though, Mr.Swamy is 70 years of age, his vast and rich experience in helping the Company combined with his undiminished business acumen and skills are essential for the Company's business. Mr.Swamy's continuance as Executive Director for the remainder of the current term of appointment, after 18-09-2016 is subject to the approval by the Members by a Special Resolution, in terms of Section 196 (2) of the Companies Act, 2013. The terms and conditions of his appointment already approved by the Members, remains unchanged.

Appointment of Mr.Khaja Afzaluddin Sheriff as Director:

Mr.Khaja Afzaluddin Sheriff was appointed as Director in the category of Independent Directors, w.e.f. 28-05-2016 in the vacancy caused by the demise of Prof.L.R.Vagale,. Mr.Khaja Afzaluddin Sheriff who continues in office only up to the date of the ensuing Annual General Meeting, has expressed his willingness to continue in office and the Company has also received a notice under Section 160 of the Companies Act, 2013, from a member of the Company along with the required deposit proposing the candidature of Mr.Khaja Afzaluddin Sheriff for the office of Director.

The particulars of all the above Directors proposed to be re-appointed are given in the separate section relating to report on Corporate Governance.

Form No. AOC-2

(Pursuant to *clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014*)

Form AOC – 2, giving details of transactions with related parties, is attached to this report.

Whistler Blower Mechanism :

The Company has a Whistler Blower Policy in place for vigil mechanism., as mandated by Regulation 4(2)(d)(iv) of SEBI (LO&DR) Regulations 2015.

Statutory Auditors :

M/s Rangaraju & Associates, Chartered Accountants (Firm Registration no.6912S), were re-appointed as Independent Statutory Auditors of the Company at the Annual General Meeting held on 29-12-2014 for the residuary term of 3 years in accordance with Section 139 (2) read with Rule 6(3) of the Companies (Audit and Auditors) Rules 2014 and the same is proposed to be ratified at the ensuing Annual General Meeting.

Auditors) Rules 2014 and the same is proposed to be ratified at the ensuing Annual General Meeting.

Secretarial Auditor

The provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates Secretarial Audit to be conducted from the financial year commencing on or after 1st April 2015 by a Company Secretary in Practice. The Board at its meeting held on 13-02-2016 has therefore appointed Mr. P. Narasimha Pai (Certificate of Practice No. 11629) as the Secretarial Auditor for the financial year ended 31st March 2016. The Secretarial Auditor's Report for the financial year ended 31st March 2016 is annexed to this Board's Report.

Transfer to Investor Education & Protection Fund

The Company does not carry any amount representing unpaid and unclaimed dividend, unpaid interest on debentures, unpaid deposits etc., of the nature specified under Section 125 of the Companies Act, 2013.

Share Capital

As stated in the foregoing paragraphs, the Hon'ble High Court of Karnataka at Bangalore vide its Order dated 07-08-2014, confirmed the special resolution passed by the members at the Annual General Meeting held on 30th December 2013 for reduction of paid-up equity share capital by canceling 39,31.042 shares held by the public, under Section 100 read with Sections 101 to 105 of the Companies Act, 1956. Upon registration of the said Order by the Registrar of Companies in Karnataka, Bangalore, vide Certificate dated 12th September 2014, the paid-up equity share capital of the Company stands reduced from Rs.37,59,12,370/- to Rs.33,66,01,950/-, divided into 3,36,60,195 equity shares of Rs.10/-each . The entire paid-up share capital of the Company is presently held by its promoters and persons belonging to the promoter group.

Details of Managerial Remuneration pursuant to Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:-

During the financial year, the Company did not pay any remuneration to any of its executive , non-executive and independent directors, excepting sitting fee paid to independent directors for attending meetings of the Board and the Committees thereof. The details of sitting fee paid are given in Corporate Governance Report annexed hereto.

There were 385 permanent employees on the rolls of the Company as at 31st March 2016.

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

During the financial year, no increase was effected in the salary of Chief Operations Officer, Company Secretary or any Manager of the Company.

It is affirmed that the remuneration paid to the employees at all levels is as per the remuneration policy of the company.

Particulars of loans, guarantees or investments:

During the financial year the Company has not given any loan or extended any guarantee to any person. So also no fresh investment of the nature specified in Section 186 of the Companies Act, 2013, was made by the Company.

Conservation of energy, technology absorption, foreign exchange earnings and outgo, if any:

The information with respect to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo is furnished at Annexure 'A'.

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 as Annexure "B" to the Director's Report. The Company has complied with the requirements of Corporate Governance as stipulated in Regulation 27 of the SEBI (LO&DR) Regulations 2015. The Certificate obtained from the Company's Auditors on compliance with Corporate Governance requirements is annexed thereto.

Directors' Responsibility Statement:

Pursuant to the provisions of Section 134 (5) of the Companies Act, 2013, (the Act) your Directors state 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 2016 and of the profit earned by the Company for the period ended the said date;