

Khoday India Limited

DISTILLERS, BREWERS & MALTSTERS

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

27.06.2016

CIN : L85110KA1965PLC001590

BSE Ltd
Floor 25,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400 001

Kind Attn.: Manager, DCS

Dear Sir,

Sub:- Compliance under Regulation 34(1) of SEBI (LO & DR) Regulations 2015

In compliance with Regulation 34(1) of SEBI (LO & DR) Regulations 2015, we forward herewith the scanned Annual Report of the Company for the financial year 2015-16, containing the Directors' Report, audited Standalone and Consolidated financial statements as at 31st March 2016 together with the Independent Auditors' Report and Cash Flow Statements which were adopted at the Annual General Meeting held on 27-06-2016.

Thanking You.

Yours faithfully,
For Khoday India Limited



(R. Venkat subramanyan)
Company Secretary

Encl: As above.

Khoday India Limited

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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;

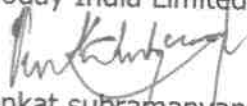
/2016 "RESOLVED that pursuant to proviso to Section 196 (3) of the Companies Act, 2013, consent of the members be and is hereby given for the continuance of Mr.K.L.Swamy, who will be attaining 70 years of age on 18-09-2016, as Whole-time Director designated as Executive Director of the Company for the 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, "

By order of the Board
For Khoday India Limited


(R.Venkat subramanyan)
Company Secretary

Place: Bangalore
Date : 28th May 2016


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 subramanian)
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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Regd. Office : "BREWERY HOUSE" 7th Mile, Kanakapura Road
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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 Other Income	20039.83 271.27	15945.70 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;

- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 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.
- v. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. the Directors devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements:

Your Directors thank the customers, vendors, 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



K.L.Ramachandra
Chairman

Date: 28th May 2016
Place: Bangalore

Annexure "A" to Directors' Report

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.

2. RESEARCH & DEVELOPMENT EFFORTS: No Research & Development activities were undertaken by the Company during the year.

3. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:
The Company did not introduce any new technology in its manufacturing process during the year.

(in Rs.000s)

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

<u>PARTICULARS</u>	<u>31-03-2016</u>	<u>31-03-2015</u>
A.FOREIGN EXCHANGE OUT GO	12480	2346
B. FOREIGN EXCHANGE EARNINGS	1244	4393

Khoday India Limited

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 for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

A majority of the transactions entered into by the Company with the related parties during the financial year 2015-16 are in the nature of sales / purchase / service transactions, for which prior approval has been accorded during February 2014 by the Regional Director, South Western Region, Ministry of Corporate Affairs at Hyderabad, under section 297 of the Companies Act, 1956, for a period of 3 years i.e. upto February 2017. In respect of transactions other than those specifically approved as above and of the nature specified under Section 188 of the Companies Act, 2013, the value of each of them being well within the limits as specified under the Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014 (as amended vide notification GSR 590E dt. 14-08-2014), read with SEBI Circular CIR/CFD/POLICY CELL/2/2014 dated 17-04-2014, the Board of Directors and Audit Committee of Directors have accorded prior approval for the same.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil

2. Details of contracts or arrangements or transactions at Arm's length basis.

Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements / transaction	Duration of the contracts/ arrangements / transaction	Salient terms of the contracts or arrangements or transaction including the value, if any (Rs.)	Date of approval by the Audit Committee/ Board	Amount paid as advance, if any
Khoday's Breweries Ltd - KMP able to exercise significant influence	Sale of goods	12 months	6970578	14/02/2015	0
Khoday Industries Pvt Ltd - KMP able to exercise significant influence	Sale of goods	12 months	618847	14/02/2015	0

Cassanova Distilleries Pvt Ltd - KMP able to exercise significant influence	Sale of goods	12 months	6115806	14/02/2015	0
Khodays Breweries Ltd - KMP able to exercise significant influence	Purchase raw material for manufacture of alcoholic beverages and semi finished products	12 months		14/02/2015	0
Rammohan and Company Pvt Ltd - KMP able to exercise significant influence	Availment of Service	12 months	1092882	14/02/2015	
Cassanova Distilleries Pvt Ltd - KMP able to exercise significant influence	Sales	12 months	6115806	14/02/2015	
Soverign Heritage Hotels - KMP able to exercise significant influence	Availment of Service	12 months	352953	14/02/2015	
L K Trust - KMP able to exercise significant influence	Lease rent paid	12 months	1139328	14/02/2015	
Khodays Breweries Ltd - KMP able to exercise significant influence	Lease rent paid	12 months	674160	14/02/2015	
Blendwell Bottlers Pvt Ltd -KMP able to exercise significant influence	Lease rent paid	12 months	900000	14/02/2015	

ANNEXURE TO DIRECTORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments: The alcoholic beverages Industry in India is made up of Indian Made Foreign Liquor (IMFL), Beer, Wine, Country Liquor and imported alcoholic beverages. The IMFL segment of the Industry recorded a growth of about 11 % during the year and your Company's aggregate volume of sales recorded a growth of about 3.8 %. The premium brands of IMFL such as "Peterscot", "Red Knight Select" and "Red Knight Reserve" brands of whisky carved out a market share of about 2 %. The product distribution in most states is managed through the respective State Beverages Corporation.

Opportunities and threats: The projected GDP growth of about 8 % for 2016-17, though modest, presents an opportunity for increased consumer spends on alcoholic beverages. However, the continuing increase in taxes which constitute nearly 2/3rds of shelf price of the premium brands, the absence of uniform rates of taxes and the diverse policies of the state governments on marketing and the restriction on advertising in both the print and electronic media are the major dampeners for higher rates of growth. The consistent reduction in custom duties on imported spirits resulting in easy availability of multinational brands constitutes another challenge for the Company.

Segment wise/ product wise performance:

The revenue for the Company was generated through business operations in the product segments of Liquor, Glass, Contract, Systems and "Others" comprising miscellaneous activities. The Liquor segment generated a net revenue of Rs156.49 crores but posted a loss of Rs17.79 crores. The Realty segment generated a net revenue of Rs.40.78 crores and a net profit of Rs.38.25 crores. The Glass, and Contract segments did not generate any revenue and hence, the expenditure of Rs 0.72 crores and 0.07 crores respectively have been booked as loss. The Systems segment also did not generate any revenue and thus the depreciation provision of Rs 2.02 crores has been booked as loss. The "Others" segment registered a revenue of Rs3.88 crores, however, the excess of expenditure of Rs 1.33 Lakhs over income has been booked as loss.

Outlook: The IMFL segment of the industry in particular is expected to register a growth of about 14% and your Company has plans to improve sales volumes during 2016-17 by about 8%.

Business risks and mitigatory efforts: The business risks for the Company could be broadly classified as follows:

- (i) Raw material procurement :- The risk of non-availability of extra neutral alcohol in adequate quantities is managed through forward contracts for uninterrupted supplies.
- (ii) Timely and adequate availability of working capital:- The Company faces the twin risk of timely availability of funds in adequate measure as also the steep interest rates charged by the banks, which are managed through a close monitoring

of the working capital needs and timely borrowing through hard negotiations with the lenders by the top management on a regular basis.

(iii) Product prices and competition :- The Company operates in a highly competitive business environment characterized by availability of various products both domestically produced and imported, at different price points. The risk from competitive product pricing is managed through adherence to high quality standards and product differentiation.

(iv) Regulatory issues :- The high incidence of taxes and the absence of the uniform regulatory regime for taxation and distribution through out the country, impedes the Company's efforts to improve its sales volumes. These issues are regularly being taken up with the Government through the industry Associations of which the Company is an active Member.

Internal Control System : The Company follows a system of internal controls to ensure effectiveness and efficiency of operations, safeguard of assets, the reliability of financial reporting and compliance with applicable laws and regulations.

Financial performance vis-à-vis Operational performance:

The Company's net income has registered a marked increase of Rs.43 Crores over the previous year which has resulted in the operating profit of Rs.17.45 crores and the net profit of Rs.3.18 crores.

Material development in human resources / industrial relations front: The Company's efforts are directed at improving employee output across all levels through operational efficiency and higher levels of motivation. The industrial relations in all the units of the company remained cordial throughout the year.

Cautionary statement: Statements in the Management Discussion and Analysis prescribing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the markets in which the Company operates, changes in the Government Regulations, Tax Laws and other statutes and incidental factors.

ANNEXURE 'B' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

Company's philosophy on code of Corporate Governance:

The Company believes that good governance is essential to achieve long term Corporate goals and enhance shareholders' value and accordingly has established transparency of procedures and reporting systems for dealing, dissemination of information with due disclosures, strict adherence to statutory and regulatory prescription and increasing accountability to its shareholders, bankers and customers. All matters of strategy, significant developments etc. are routinely placed before the Board. The 2 committees of the Board viz., Audit Committee and Stakeholders Relationship Committee meet regularly to transact business in respect of all matters entrusted to them. The Company also have constituted two other committees viz., i) Nomination and Remuneration Committee for the purpose of considering and recommending the appointment of directors and senior management personnel and payment of remuneration to them and ii) Committee on Reduction of Share Capital, for over seeing the procedural matters arising out of the Order passed by the Hon'ble High Court of Karnataka, Bangalore, allowing the Company's petition COP : 132/2014 in the matter of Reduction of Capital, under the authority given by the Special Resolutions passed by the Members at the Annual General Meeting of the Company held on 30th December 2013.

Board of Directors:

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

Composition :

The Board presently comprises 14 Directors of whom 3 are Executive Promoter Directors, 4 are Non-executive Promoter Directors and 7 are Independent Non-executive Directors. The Company has a Non-executive Chairman.

Both the Executive & Non-executive Directors were not paid any remuneration during the year other than Sitting Fees paid to the Non-Executive Directors for attending the Meetings of the Board and Committees thereof.

The details of the attendance of the Directors at the Board Meetings & last Annual General Meeting and directorships in other companies are as under:-

Name of Directors	Designation	Category	No. of Board Meetings attended	Attendance at the last AGM held on 08-06-2015	No. of directorships in public companies other than Khoday India Limited	No. of memberships held in Committees of the Board of Khoday India Limited
Mr.K.L. Ramachandra	Chairman	Promoter-Non-Executive	4	Present	5	1-Member
Mr..K.L.Srihari	Vice Chairman & Managing Director	Promoter-Executive	4	Present	5	1-Member
Mr.K.L.A. Padmanabhasa	Joint Managing Director	Promoter-Executive	4	Present	5	-
Mr..K.L.Swamy	Executive Director	Promoter-Executive	4	Present	5	1-Member
Mr..Khoday Swamy Giridhar	Director	Promoter - Non Executive	4	Present	5	1 -Chairman 1 -Member
Mr..Khoday Ramachandra Nithyanand	Director	Promoter - Non Executive	4	Present	7	-
Mr..Khoday Srihari Gurunath	Director	Promoter - Non Executive		Present	7	-
*Prof.L.R.Vagale	Director	Independent - Non Executive	1	-	-	1-Member 1-Member
Maj.Gen.(Retd.) M.K.Paul	Director	Independent - Non Executive	4	Present	-	3-Chairman
Mr.Bangra Kulur Ratnakar Rao	Director	Independent - Non Executive	4	Present	-	1 - Member
Mr.Damam Vittalsa Sathyanarayana	Director	Independent - Non Executive	4	Present	-	2 Member
Mr.Puranic Ramachar Ananda Murthy	Director	Independent - Non Executive	4	Present	-	1 Member
Mr.Dowray Prabhakara Rao	Director	Independent - Non	4	Present	-	-

		Executive				
Mrs.Pamela Sunawala	Director	Independent – Non Executive	3	Present	-	-
*Mr.Khaja Afzaluddin Sheriff	Director	Independent – Non Executive	0	-	-	-

- Prof.L.R.Vagale an Independent Director of the Company passed away on 09-04-2016.
- Mr.Khaja Afzaluddin Sheriff was appointed as Additional Director on 28-05-2015 in the vacancy caused by the demise of Prof.L.R.Vagale.

During the financial year 2015-16, four Board meetings were held i.e on 29-05-2015, 14-08-2015, 13-11-2015 & 13-02-2016.

Note: The directors are not on the committee of the Board of any company other than Khoday India Limited.

Disclosures concerning directors proposed to be re-appointed:

Mr.Khoday Ramachandra Nithyanand,

Mr.K.R.Nithyanand, the elder son of Mr. K.L. Ramachandra Chairman, belongs to the fourth generation of the illustrious Khoday family. Mr.Nithyanand was earlier a Director of Khoday India Limited during the period from June 1986 to March 2002, when he resigned to assume charge of day-to-day manufacturing operations at Khodays Breweries Limited. Mr.Nithyanand has played a key role in bagging the contract for manufacture and bottling of SAB Millers' well known "KnockOut" Brand of Beer, by Khodays Breweries Ltd.

Aged about 56 years, Mr.Nithyanand is a graduate in science. He has actively associated with the various facets of business in the Khoday Group of Industries. Mr.Nithyanand holds 72,007 equity shares of Khoday India Limited in his name as on 31st March 2016 as well as on 28-05-2016. Mr.Nithyanand is also a Director of 7 other public companies and 12 private companies in the Khoday Group.

c) Mr. Gurunath Srihari Khoday,

Mr.K.H.Gurunath, the elder son of Mr. K.L.Srihari, Vice-Chairman and Managing Director, belongs to the fourth generation of the illustrious Khoday family. Mr.Gurunath was earlier a Director of Khoday India Limited during the period from June 1986 to March 2002, when he resigned to assume charge of day-to-day manufacturing operations at the Company's plant at Kannayakana Agrahara, Bangalore.

Aged about 53 years, Mr.Gurunath is a Graduate in Science. Being an Industrialist, he is actively associated with the various facets of business in the Khoday Group of Industries. Mr.Gurunath is also a Director of 5 Public Companies and 14 Private Companies in the Khoday Group. Mr.Gurunath holds 35,964 equity shares of Khoday India Limited in his name as on 31st March 2016 as well as on 28-05-2016.

Disclosure concerning the continuance of appointment of Executive Director, Mr.K.L.Swamy, beyond 70 years of age:

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. A Special Resolution for continuance of Mr.Swamy as Executive Director beyond 70 years of age, due to his vast and rich experience in helping the marketing and distribution functions of the Company, combined with his undiminished business acumen and skills which are essential for the Company's business, has been included in the notice convening the ensuing Annual General Meeting.

Mr.K.L.Swamy, is the youngest of the illustrious Khoday Brothers. Mr.Swamy is an Industrialist by profession, actively associated with the business conglomerate of the Khoday Group of Companies. Renowned for his business acumen, administrative skills & dynamism, the articulate Mr.Swamy oversees the production, marketing and distribution network of the products in the Khoday Group. He has been the Executive Director of Khoday India Limited 1969.

Mr.Swamy is a Member of the Share Transfer cum Investor Grievances Committee of Directors of the Company.

Mr.Swamy is also a Director in 5 public companies and 14 private companies in the Khoday Group.

Mr.K.L.Swamy holds 3,63,175 equity shares of the Company in his individual name as on 31st March 2016 as well as on 28-05-2016.

iv) Mr.Khaja Afzaluddin Sheriff:

Mr.Khaja Afzaluddin Sheriff is 60 years of age and holds B.Com Degree from Osmania University, Hyderabad. Mr.Sheriff being astute business man possesses rich experience in various business aspects and the Company looks forward to benefit from his wise counsel. Mr.Sheriff is not related to any of the Promoter Directors or other Independent Directors of the Company. Further, Mr.Sheriff does not hold any share of the Company in his name or in the name of any of his family members as on 31st March 2016 as well as on 28.05.2016.

Code of Business Conduct and Ethics :

The Company has formulated a comprehensive Code of Business Conduct and Ethics applicable to Directors and Senior Management Personnel all of whom have affirmed adherence to the said code through individual declarations, and the same has been affirmed by a separate declaration given by the Vice-Chairman and Managing Director.

Independent Directors:

The Company has appointed seven Independent Directors who are renowned persons having expertise in their respective field.

All the seven Independent Directors have given the declaration to the Company stating their independence pursuant to Section 149(6) of the Companies Act, 2013.

Annual Evaluation of Board's Performance:-

In compliance with the requirement under Regulation 25 of SEBI (LO&DR) Regulations 2015, a meeting of the Independent Directors was held on 02nd April 2016, wherein the performance of Non-Independent Directors, including the Chairman and the Board as a whole was evaluated with reference to the following criteria:

- a) Assessment of the quality, quantity and timeliness of flow of information between the Management and the Board of Directors for ensuring effective and efficient performance and duties by the Directors.
- b) Participation in the Board / Committee meetings and integrity and maintain of confidentiality, effective management of relationship with all Stakeholders.
- c) Periodical review of Corporate Strategy and Risk Management System evaluation of composition of the Board for ensuring right mix of knowledge and skills sufficient to maximize performance.
- d) Refreshing of knowledge and skills with particular emphasis of industrial market condition and the developments in areas such as Corporate Governance Framework and Financial Reporting.

Audit Committee:

The Audit Committee of the Board of Directors was constituted during the year 1991 itself and has been meeting regularly ever since, long before the introduction of Sec.292A of the erstwhile Companies Act, 1956. The Committee acts as a link between Internal and Statutory Auditors and the Board of Directors. The Committee provides the Board with additional assurance as to the adequacy of Internal Financial Control Systems and Financial Disclosures. The broad terms of reference of the Audit Committee are as per Section 177 of the Companies Act, 2013 and to review with the Management and / or Internal Auditors and / or Statutory Auditors in the following areas:-

- a) Overview of the Company's financial reporting process and financial information disclosures.
- b) Review with the Management the annual and quarterly financial statements before submission to the Board.
- c) Review with the Management the Internal and External Audit Reports and the adequacy of internal control systems.

- d) Review of the adequacy and effectiveness of Accounting and Financial Control of the Company, compliance with Company's policies and applicable laws and regulations.
- e) Recommending the appointment and removal of External Auditors and fixation of audit terms.
- f) Fixing of annual monetary limits of Related Party Transactions in terms of the provisions under Section 188 of the Companies Act, 2013 and review of actual related party transactions every quarter.

The Audit Committee presently comprises 4 members viz., Mr.K.L.Ramachandra – Non-Executive Director, and other 3 Independent non-executive Directors viz., Maj.Gen.(Retd.)M.K.Paul, Mr.D.V.Sathyanarayana and Mr.D.Prabhakara Rao. The Company Secretary acts as the Secretary to the Committee. Maj.Gen.(Retd.)M.K.Paul is the Chairman of the Committee. The Audit Committee Meetings were held on 29-05-2015, 04-09-2015, 13-11-2015, 13-02-2016 & 31-03-2016.

Name of Members	Designation	Category	No. of Audit Committee Meetings attended
Mr.K.L.Ramachandra	Member	Promoter-Non-Executive	5
*Prof.L.R.Vagale	Member	Independent-Non Executive	2
Maj.Gen.(Retd.) M.K.Paul	Chairman	Independent-Non Executive	5
Mr.D.V.Sathyanarayana (appointed w.e.f. 08-08-2014)	Member	Independent – Non Executive	5

- Since deceased.

Nomination and Remuneration Committee:-

The 'Nomination and Remuneration Committee' constituted for the purpose of considering and recommending the appointment of directors and senior management personnel and payment of remuneration to them comprises the three Independent Non-executive Directors viz., Maj.Gen.(Retd.) M.K.Paul, Mr.D.V.Sathyanarayana & Mr.D.Prabhakara Rao. The Committee held its only meeting on 29-05-2015 during the financial year.

Committee on Reduction of Share Capital:

The Committee on Reduction of Share Capital, was constituted by the Board of Directors at its meeting held on 08th September 2014, for over seeing the procedural matters arising out of the Order passed by the Hon'ble High Court of Karnataka, Bangalore, allowing the Company's petition COP : 132/2014 in the matter of Reduction of Capital, The Committee comprises three Independent Non-

executive Directors viz., Maj.Gen.(Retd.) M.K.Paul, Mr.B.K.Ratnakar Rao & Mr.P.R.Ananda Murthy and the Promoter Director Mr.K.S.Giridhar. The Committee held its meeting on 21-09-2015 during the financial year.

Shareholders'/ Investors' Grievance Committee:

The Stakeholders Relationship Committee is constituted to consider and approve transfer, transmission of shares and other incidental aspects. It comprises of 3 Directors viz. Mr.K.S.Giridhar, the Non-Executive Director is the Chairman of the Committee and Mr.K.L.Srihari & Mr.K.L.Swamy are the other two members. Mr.R.Venkat subramanyan, Company Secretary functions as the Compliance Officer.

During the year, the Committee held its meeting at the interval of every fortnight.

The Company received two complaints from the shareholders, which were duly redressed to the satisfaction within 30 days of receipt.

Pursuant to Regulation 25(3) of SEBI (LO&DR) Regulations 2015, the Independent Directors of the Company held two meetings on 29-05-2015 and 31-03-2016 without the presence of any of the Non-Independent Directors.

General Body Meetings:

A) Particulars of last three Annual General Meetings held:

AGM	Financial year ended	Venue	Date	Time	Whether Special Resolution passed
49 th	31-3-2015	'Brewery House'. 7 th Mile, Kanakapura Road, Bangalore	08-06-2015	11.00 A.M.	Re-appointment of two whole-time directors.
48 th	31-3-2014	'Brewery House'. 7 th Mile, Kanakapura Road, Bangalore	29-12-2014	11.30 A.M.	Yes, passed for continuance of appointment of two whole-time directors, beyond 70 years of age and re-appointment of another whole-time director.
47 th	31-3-2013	Shravanti Kalyana Mantapa, Bangalore	30-12-2013	11.30 A.M.	Yes. A special resolution for alteration of articles of association and another special resolution for Reduction of paid-up equity share capital were passed

Postal Ballot:

No resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting scheduled to be held on 20-06-2016

Disclosures:

- (i) Attention of the Members is drawn to the list of related parties with whom transactions were entered into during the financial year as disclosed in Note no: 36 of Notes on Accounts, forming part of this Annual Report. The Company's related party transactions are generally with other companies in the Khoday Group and the transactions are entered in to based on considerations of business exigencies. All related party transactions are negotiated on arms length basis, intended only to further the interests of the Company.

The Company has consistently followed and applied the Accounting treatment in respect of various transactions, as prescribed in the Accounting Standards, without any deviation.

- (ii) Remuneration to Directors:

(a) None of the Directors under both the Executive and Non-executive category have been paid any remuneration by the Company during the year, excepting Sitting Fees paid to the Non-executive Directors for attending the Meetings of the Board and the Committees thereof, as detailed below.

Sl.No.	Name of the Director (Non-Executive)	Sitting Fees paid for the year 2015-16
1.	Maj.Gen(Retd.) M .K. Paul	21,000/-
2.	Prof.L.R.Vagale	8,750/-
3	Mr.Bangra Kulur Ratnakar Rao	10,500/-
5.	Mr.D.V.Sathyanarayana	19,250/-
5.	Mr.P.R.Ananda Murthy	10,500/-
7.	Mr.D.Prabhakara Rao	8,750/-
8.	Mrs.Pamela Sunawala	7,000/-

Note: 1) The sitting fees paid as above is well within the prescribed limit.
2) No sitting fees was paid to any of the Executive Directors.

b) Details of Shareholding of Non-Executive Directors of the Company:

Of the eleven Non-Executive Directors Mr.K.L.Ramachandra who is also the Chairman holds 4,06,024 shares of the Company in his name and 58,11,839 shares are held in the name of K.L.Ramachandra (HUF) Mr.K.S.Giridhar, Mr.K.R.Nithyanand and Mr.K.H.Gurunath hold 72,000. 36, 007 and 35,964 shares of the Company in their respective names. Our of the 7 Independent and Non-Executive Directors, Maj.Gen(Retd.) M.K.Paul, Mr.Bangra Kulur Ratnakar Rao, , Mr.D.V.Sathyanarayana,, Mr.D.Prabhakara Rao and Mr.Khaja Afzaluddin Sheriff do

not hold any shares of the Company in their name. Mr.P.R.Anandamurthy and Mrs.Pamela Sunawala held 1 and 150 equity shares of the Company respectively, which have since been canceled pursuant to Reduction of Capital to the extent of the entire public shareholding.

iii) CEO/CFO Certification: The Managing Director's Compliance Certificate to the Board of Directors, pursuant to Regulation 17(8) of SEBI (LO&DR) Regulations 2015 is reproduced herein below:

COMPLIANCE CERTIFICATE

[See Regulation 17(8)]

A. I have reviewed financial statements and the cash flow statement for the year ended 31st March 2016, and that to the best of my knowledge and belief:

- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the listed entity's code of conduct.

C. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I that the said controls do not suffer from any deficiencies in their design and operations.

(3) There are significant changes in internal control over financial reporting and accounting policies during the year;

(4) There has been no instance of fraud of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Bangalore
Date : 28th May 2016

(K.L.Srihari)
Vice-Chairman and Managing Director

Compliance with mandatory requirements under Schedule II to SEBI (LO&DR) Regulations 2015:

The mandatory requirements under Schedule II to SEBI (LO&DR) Regulations 2015, have been complied with by the Company.

Discretionary requirements under Part-E of Schedule II to SEBI (LO&DR) Regulations 2015:

i) The Chairman is a Non-Executive Director. The Company has not reimbursed any expenses incurred for maintenance of his office or in the performance of his duties.

ii) The Report of the Auditors on the financial statements do not contain any qualification / remarks.

iii) Mr.K.L.Ramachandra being a Chairman is a Non-Executive Director whereas, Mr.K.L.Srihari is the Vice-Chairman and Managing Director, thus the post of Chairman is distinct and separate from that of the Managing Director.

Penalties / punishment /compounding of offences :

No penalty was imposed on the Company or its Officers by any Authority of the Government , during the year.

Means of communication:

- i. The statements of quarterly financial results and the Audited Annual Financial Statement and the Annual Report inter-alia containing the said statements are furnished to the Stock Exchange in due compliance with SEBI (LO&DR) Regulations 2015.
- ii. The un-audited financial results are published in the English daily newspaper "Financial Express" and Kannada daily newspaper " Vijaya Vani".
- iii. In due compliance with Regulation 46 of SEBI (LO&DR) Regulations 2015, action is being taken to host on the Company's website, "khodayindia.com" (which is being reconstructed) the quarterly un-audited financial statements, audited financial statement, shareholding pattern, particulars of Independent Directors and policies framed such as Nomination and Remuneration Policy, Related Party Transaction Policy, Whistle Blower Policy and Code of Conduct to Regulate, Monitor and Report Trading by Insiders.

The Company's Annual Report containing inter-alia Directors' Report, Auditor's Report, Audited Annual Accounts and other important information is circulated to the Members and others entitled thereto.

General Shareholder Information:

i. The 50th Annual General Meeting is scheduled to 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.

ii. Financial year : 1st April 2015 to 31st March 2016

iii. Dividend Payment Date : No dividend payment is proposed. However, the Register of Members and Share Transfer Books will remain closed from 20th June 2016 to 27th June 2016 (both days inclusive)

iv. Shares of the Company Listed at :-

a. BSE Ltd,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001
Phone No: 022-22721233 / 34

The Annual Listing Fee for the year 2016-17 has been paid to BSE Limited.

v. Company's Stock Code : 507435 (BSE)

vi. Stock Market Price Data (BSE) & performance vis-à-vis BSE Sensex:

Month	Share Price		BSE Sensex	
	High	Low	High	Low
15-Apr	58.5	50.25	29094.61	26897.54
15-May	53	43.15	28071.16	26423.99
15-Jun	50	42.4	27968.75	26307.07
15-Jul	50.25	42	28578.33	27416.39
15-Aug	51.5	41.9	28417.59	25298.42
15-Sep	45	39.25	26471.82	24833.54
15-Oct	48.6	41.1	27618.14	26168.71
15-Nov	55.9	41	26824.30	25451.42
15-Dec	67.2	58.65	26256.42	24867.73
16-Jan	84	61.15	26197.27	23839.76
16-Feb	72.95	51.7	25002.32	22494.61
16-Mar	67.75	56.1	25479.62	23133.18

vii. Registrar and Share Transfer Agent:

M/s. Integrated Enterprises (India) Limited,
30, Ramana Residency,
4th Cross, Sampige Road,
Malleswaram, Bangalore-560 003
Tel: 080-23460815 to 18 Fax No:080-23460819
Email: irg@integratedindia.in

viii (a). Share Transfer System:

The requests for transfer, transmission etc in respect of shares held in the physical mode are processed by the Registrar M/s. Integrated Enterprises (India) Limited who forward to the Company once every 15 days, a Memorandum containing details of the proposed transfers, transmission etc. for Company's approval. The said Memorandum and the concerned documents are scrutinized and approved by the Stakeholders Relationship Committee of the Board of Directors. Upon conveying of the said approval, the share certificates are endorsed with share transfer /

transmission details and despatched by the Registrar to the transferees / beneficiaries within 15 days of receipt of the documents as required under Regulation 40(3) of SEBI (LO&DR) Regulations 2015. Requests for dematerialization of shares are processed and the confirmation in that regard are conveyed to Depositories within 15 days of receipt. All routine correspondence connected with share transfers / transmissions etc. are attended to by the Registrar. The Company's representative periodically visits the Registrar's office to monitor the work entrusted..

b). Secretarial Audit:

- Pursuant to Regulation 40(9) SEBI (LO&DR) Regulation 2015, Certificates on half yearly basis, issued by the Company Secretary in Practice for due compliance of Share transfer formalities by the company are forwarded to the Stock Exchanges as prescribed. The Audit confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form.
- Pursuant to Regulation 55A of SEBI (Depositories & Participants) Regulations 1996, Certificates have also been received from a Practicing Company Secretary for dematerialization of the Company's shares and for conducting a Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company.

ix. Distribution of Shareholding:-

The particulars of Shareholding Pattern as on 31st March 2016 has been given in the annexed format MGT 9, pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014].

x. Dematerialization of shares and liquidity:

Equity shares of the company being in the compulsory dematerialized segment, their trading was facilitated through both the Depository Systems in India, viz., NSDL and CDSL. The International Securities Identification Number (ISIN) allotted for the Company's shares under the Depository System is INE687B01014-KIL. The aggregate number of shares held in dematerialized form is 29,95,740 as on 31st March 2016.

xi. There are no outstanding warrants or any convertible instruments issued by the Company.

Plant Location: No:54, Kannayakana Agrahara
Anjanapura Post,
Bangalore - 560 062.

xii. Address for correspondence: Khoday India Limited
"Brewery House",
7th Mile, Kanakapura Road,
Bangalore-560 062.

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- L85110KA1965PLC001590
- ii) Registration Date : 28-09-1965
- iii) Name of the Company – Khoday India Limited
- iv) Category / Sub-Category of the Company – Manufacturing
- v) Address of the Registered office and contact details

'Brewery House', 7th Mile, Kanakapura Road, Bangalore-560
062

- vi) Whether listed company Yes
- vii) Name, Address and Contact details of Registrar and
Transfer Agent, if any
M/s Integrated Enterprises (India) Limited
30, Ramana Residency,
4th Cross, Sampige Road,
Malleshwaram,
Bangalore-560 003.
Ph.No: 23460815

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl.no.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1.	Alcoholic beverages of all types	24116	99.6%

III. PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.no.	Name and Address of the Company	CIN /GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Khoday Properties Private Limited	U07010KA2005PTC036862	Subsidiary	100 %	2 (87)

Financial Performance and Statement about Khoday Properties Private Limited

The Company did not undertake any business activity during the year. However, its financials are as under:

1. Share Capital - Rs.5,00,000/- divided into 50,000 equity shares of Rs.10/- each. The entire share capital is held by the holding company Khoday India Limited.
2. Reserves and Surplus - Rs.(38,49,688/-)
3. Total Assets :

* Fixed Assets	-	Nil
* Current Assets, Loans & Advances	-	Rs.5,78,665/-
4. Total Liabilities	-	Rs.39,28,353/-
5. Details of Investments	-	Nil
6. Turnover	-	Nil
7. Profit /Loss before Taxation	-	(Rs.24,700/-)
8. Provision for Taxation		Nil
9. Profit /Loss after Taxation	-	(24,700/-)
10. Proposed Dividend	-	Nil

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category –wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of year		
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total
A Promoters							
(1) Indian							
a)Individual / HUF	-	27444501	27444501	81.53	-	27444501	27444501
b)Central Govt	-	-	-	-	-	-	-

c) State Govt(s)	-	-	-	-	-	-	-
d) Bodies Corp.	-	6215694	6215694	18.47	-	6215694	6215694
e) Banks / FI	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	33660195	3366195	100	-	33660195	33660195
2) Foreign							
a) NRIs Individuals	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = A(1)+A(2)	-	33660195	33660195	100	-	33660195	33660195
B Public Shareholding							
1. Institutions							
a) Mutual Funds	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0

d)State Govt(s)	0	0	0	0	0	0	0
e)Venture Capital Funds	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0
g)FIIs	0	0	0	0	0	0	0
h)Foreign Venture Capital Funds	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0
Sub-Tota (B)(1):	0	0	0	0	0	0	0
2.Non-Institutions							
a)Bodies Corp.	0	0	0	0	0	0	0
i)Indian	0	0	0	0	0	0	0
ii)Overseas	0	0	0	0	0	0	0
b)Individuals	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0	0	0	0
c)Others (specify)	0	0	0	0	0	0	0
Sub-total (B)(2)	0	0	0	0	0	0	0
Total Public shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0	0

C. Shares held by Custodian for GDRs and ADRs	0	0	0	0	0	0	0
Grand total (A +B+C)	0	33660195	33660195	100	0	33660195	33660195

ii) Shareholding of Promoters :

1.	Srihari K L (HUF)	433100	1.29
2.	Ramachandra K L (HUF)	429146	1.27
3.	Padmanabhasa K L A (Huf)	428887	1.27
4.	Swamy K L (Huf)	418428	1.24
5.	Srihari K.L		1.15
6.	Ramachandra K L	406024	1.21
7.	Padmanabhasa K L A	400500	1.19
8.	Swamy K L	363168	1.08
9.	Ghanashyam K P	72000	0.21
10.	Giridhar K S	72000	0.21
11.	Lalitha Swamy Khoday	72114	0.21
12.	Srihari K L (Ptnr K Lakshmansa & Co)	69826	0.21
13.	Srihari K L (Trustee L K Trust)	65455	0.19
14.	Nithyananda K R	36000	0.11
15.	Dayananda K R	36000	0.11
16.	Srinivas K H	36000	0.11
17.	Radheshyam K H	36000	0.11
18.	Rajalakshmi Srihari Khoday	35964	0.11
19.	Gurunath K H	35964	0.11
20.	Gulab Padmanabhasa Khoday	35964	0.11
21.	Srihari K L (Trustee L K & Sons)	27273	0.08
22.	Gayathri Holdings Private Limited	2342150	6.96
23.	Srihari K L - Partner - M/S Khoday R C A Industries	632552	1.88
24.	Vyjayanti Tradings Private Limited	535136	1.59
25.	Macdonald Tradings Private Limited	545286	1.62
26.	Panchaganga Tradings Private Ltd	532686	1.58
27.	Honeywell Business Private Limited	385215	1.14
28.	Sri Gurunath Tradings Private Ltd	556436	1.65
29.	Pancha Kalyanni Tradings Pvt Ltd	527886	1.57
30.	Peter Scot Tradings Private Limited	481036	1.43

31.	Khodays Breweries Ltd	97318	0.29
32.	Elkay Tradings Corporation Pvt Ltd	39958	0.12
33.	The Distillers Company Pvt Ltd	11818	0.04
34.	K L Ramachandra - HUF	5382693	15.99
35.	K L Srihari - HUF	5382695	15.99
36.	K L A Padmanabhasa - HUF	5382693	15.99
37.	K L Swamy - HUF	5382694	15.99
38.	K L Srihari	7	0.00
39.	K L A Padmanabhasa	7	0.00
40.	K L Swamy	7	0.00
41.	K R Nithyanand	7	0.00
42.	The Distillers Company Pvt Ltd	53846	0.16
43.	Hercules Construction Co. Pvt Ltd	106923	0.32
44.	K L Srihari - Trustee - L K Trust	1385351	4.12
	Total	33660195	100.00

Change in Promoters' Shareholding - There are no changes in Promoters' shareholding

No shares belonging to Promoter's holding were pledged / encumbered

iii) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs :

iv) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr.K.L.Ramachandra Chairman	406024	1.20	406024	1.20
2.	Mr.K.L.Srihari - Vice-Chairman & MD	385982	1.15	385982	1.15
3.	Mr.K.L.A.Padmanabhasa Joint Managing Director	400507	1.19	400507	1.19
4.	Mr.K.L.Swamy	363175	1.08	363175	1.08
5.	Mr.K.R.Nithyanand	36007	0.11	36007	0.11
6.	Mr.K.H.Gurunath	35964	0.11	35964	0.11
7.	Mr.K.S.Giridhar	72000	0.21	72000	0.21
8.	Mr.P.R.Ananda Murthy *	0	0	0	0
9.	Mrs.Pamela Sunawala *	0	0	0	0

*Mr.P.R.Ananda Murthy and Mrs.Pamela Sunawala held 1 and 150 equity shares of the Company upto 12-09-2014 , in the category of public shareholders which have since been cancelled consequent to the

issue of certificate by the Registrar of Companies registering the Order dated 07-08-2014 passed by the Hon'ble High Court of Karnataka, reducing the paid up share capital.

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for repayment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i)Principal Amount	1085737934	1064441923	0	2150179857
ii)Interest due but not paid				
iii) Interest accrued but not due	12387180	0	0	12387150
Total (i+ii+iii)	1098125114	1064441923	0	2162567037/-
Change in Indebtedness during the financial year				
• Addition	44049544	121035785	0	165085329
• Reduction	168231566	0	0	168231566
Net change	(124182022)	121035785	0	(3146237)
Indebtedness at the end of the financial year				
i)Principal Amount	963301366	1185477708	0	2148779074
ii)Interest due but not paid				
iii) Interest accrued but not due	10641726	0	0	10641726
Total (i+ii+iii)	973943092	1185477708	0	2159420800



RANGARAJU AND ASSOCIATES

CHARTERED ACCOUNTANTS

AUDIT & TAXATION DIVISION

No. 202, 2nd Floor,
73/25, Shree Complex,
St. John's Road,
Bangalore - 560 042

Ph : 91 80 2530 7959
Fax : 91 80 2530 7962
e-mail : rangaraju.associates@gmail.com

Auditor's Certificate on Corporate Governance

To,
The Members of Khoday India Limited

We have examined the compliance of conditions of Corporate Governance by Khoday India Limited ('the Company'), for the year ended 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.


In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement/Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

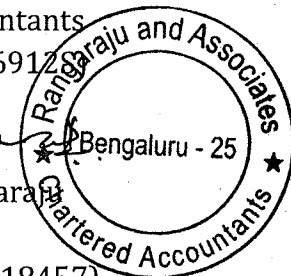
Place : Bangalore
Date : 28.05.2016

For Rangaraju & Associates

Chartered Accountants
(Firm Regn No.6912)


Krishnan Rangaraju
Partner

(Membership No. 18457)





RANGARAJU AND ASSOCIATES

CHARTERED ACCOUNTANTS

AUDIT & TAXATION DIVISION

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e-mail : rangaraju.associates@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of
Khoday India Limited.

1. Report on the Financial Statements

We have audited the accompanying financial statements of Khoday India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, on a going concern basis, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing & detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design and implementation of adequate Internal Financial Controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial

statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Emphasis of Matter

We draw attention to Note no. 28 regarding confirmation of Reduction of Capital under Section 100 of the Companies Act, 1956 by the Hon'ble High Court of Karnataka and subsequent applications filed by SEBI.

Our opinion is not qualified in respect of this matter.

6. Report on Other Legal and Regulatory Requirements

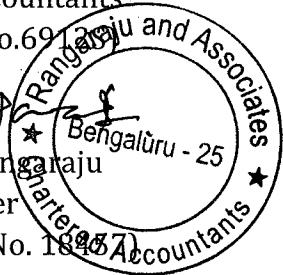
- I) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure - A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
- II) As required by section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of written representations received from the directors as on 31st March, 2016, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2016, from being appointed as a director under Section 164(2) of the Act.
- f) With respect to the adequacy of Internal Financial Control over Financial Reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure B"
- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements vide Note no. 28 and Note no. 41 to the Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company.

For Rangaraju & Associates
Chartered Accountants
(Firm Regn No. 69123)


Krishnan Rangaraju
Partner

(Membership No. 18257)



Place : Bangalore
Date : 28.05.2016

ANNEXURE - A TO THE AUDITOR'S REPORT

(Referred to in Para 6 of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We have been informed that the fixed assets of the Company are physically verified by the Management according to a phased program designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, physical verification was carried out during the year and to the best of our knowledge no material discrepancies were noticed.
- (c) The title deeds of immovable properties are held in the name of the Company.
- ii. (a) As explained to us, Inventories have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed.
- iii. The Company has not granted any Loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. As the Company has not granted any loans to Companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013, reporting under Clauses (iii) (a), (iii) (b) and (iii) (c) of the Companies (Auditors Report) order, 2016 does not arise.
- iv. There are no loans, guarantees or security extended by the Company under the provisions of Section 185 and 186 of the Companies Act, 2013. In respect of Investments made, the Company has complied with the provisions of Section 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under. Therefore, reporting under clause (v) of the Companies (Auditor's Report) Order, 2016 does not arise.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013
- vii. (a) According to the information and explanations given to us and as per our verification of the records of the Company, in our opinion, the company is generally regular in depositing undisputed statutory dues including Income Tax, Service Tax, Employees Provident Fund, Employees State Insurance, Wealth Tax, Customs Duty, Excise Duty and other statutory dues applicable to it and there are no statutory dues outstanding for a period of more than six months from the date they become payable as on the last day of the financial year except for Rs 1,458 thousands pertaining to VAT dues, which has been subsequently paid.
- (b) According to the information and explanations given to us and as per records of the Company, the following are the particulars of dues on account of Employees Provident Fund and Income Tax which have not been deposited on account of dispute before the forum mentioned there against.

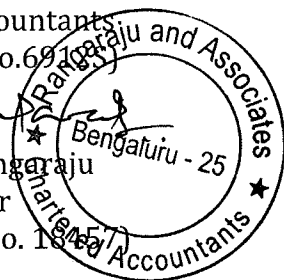
Name of the Statute	Nature of Dues & Related Period	Amount (Rs. In Thousands)	Forum where dispute is pending
Employees Provident Fund Act, 1952	EPF for the F.Y 2006-07 and 2007-08	10,716	Employees Provident Fund Tribunal, New Delhi.
Income Tax Act, 1961	Income Tax for the AY 2012-13	7,752	Commissioner of Income Tax (Appeals)

- viii. According to information and explanations given to us, the company has not defaulted in repayment of principal and interest dues to the bank or any financial institutions.
- ix. The Company has not raised moneys by way of Initial Public Offer or Further Public Offer. In our opinion, and according to information and explanations given to us, term loans have been applied for the purposes for which they were raised.
- x. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us, no managerial remuneration has been paid to the Directors. However, sitting fees has been paid to certain Directors in accordance with the requisite approvals mandated by the provisions of Section 197 (5) of Companies Act, 2013 read with the Rules made thereunder.
- xii. In our opinion, the Company is not a Nidhi Company. Hence, reporting under Clause (xii) of the Companies (Auditor's Report) Order, 2016 does not arise.
- xiii. According to the information and explanations given to us and in our opinion, the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the Financial Statements etc., as required by the applicable Accounting Standard.
- xiv. According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares. Hence, reporting under Clause (xiv) of the Companies (Auditor's Report) Order, 2016 does not arise.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Hence, reporting under Clause (xv) of the Companies (Auditor's Report) Order, 2016 does not arise.
- xvi. According to the information and explanation given to us and in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Rangaraju & Associates
Chartered Accountants
(Firm Regn No. 69104)


Krishnan Rangaraju
Partner

(Membership No. 18457)



Place : Bangalore
Date : 28.05.2016

**ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF KHODAY INDIA LIMITED**

**Report on the Internal Financial Controls under Section 143 (3) (i) of the Companies Act,
2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Khoday India Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

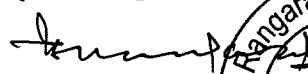
Inherent Limitations of Internal Financial Controls Over Financial Reporting

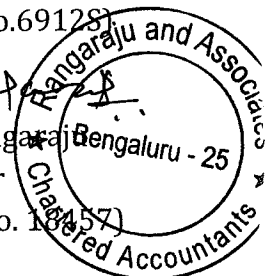
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Rangaraju & Associates
Chartered Accountants
(Firm Regn No.69128)


Krishnan Rangaraj
Partner
(Membership No. 108457)

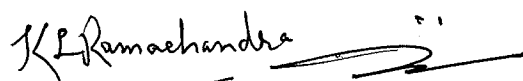


Place : Bangalore
Date : 28.05.2016

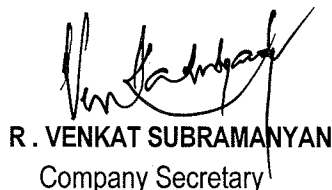
KHODAY INDIA LIMITED
Balance Sheet as at 31st March, 2016
(Amount in Rupees)

PARTICULARS	Note	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
[a] Share Capital	1	336,601,950	336,601,950
[b] Reserves & Surplus	2	(57,054,683)	(88,899,370)
		279,547,267	247,702,580
2. NON - CURRENT LIABILITIES			
[a] Long - Term Borrowings	3	1,369,965,962	1,289,954,643
[b] Other Long - Term Liabilities	4	3,081,038	3,281,038
[c] Long - Term Provisions	5	24,975,000	33,962,000
		1,398,022,000	1,327,197,682
3. CURRENT LIABILITIES			
[a] Short -Term Borrowings	6	693,318,622	677,076,803
[b] Trade Payables	7	172,246,178	160,786,464
[c] Other Current Liabilities	8	620,350,643	692,336,386
[d] Short -Term Provisions	9	7,851,080	430,450
		1,493,766,523	1,530,630,104
T O T A L :-		3,171,335,790	3,105,530,366
ASSETS			
1. NON-CURRENT ASSETS			
[a] Fixed Assets	10		
[i] Tangible Assets		447,160,619	492,889,115
[b] Non - Current Investments	11	612,490,589	615,238,945
[c] Long -Term Loans and Advances	12	57,855,384	72,434,717
[d] Other Non-Current Assets	13	11,497,042	11,722,689
		1,129,003,634	1,192,285,466
2. CURRENT ASSETS			
[a] Inventories	14	852,417,472	1,072,654,000
[b] Trade Receivables	15	448,492,889	492,284,313
[c] Cash & Cash Equivalents	16	444,882,397	54,879,482
[d] Short -Term Loans & Advances	17	259,003,753	277,686,116
[e] Other Current Assets	18	37,535,645	15,740,989
		2,042,332,156	1,913,244,900
T O T A L :-		3,171,335,790	3,105,530,366
Significant Accounting Policies		A	
Notes on Accounts		1 - 42	-
The Notes referred to above form an integral part of the Balance Sheet			-

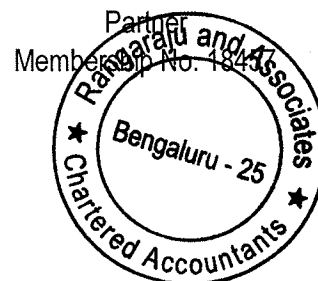
For and Behalf of the Board


K. L. RAMACHANDRA
Chairman

K. L. SRIHARI
Vice - Chairman &
Managing Director


R. VENKAT SUBRAMANYAN
Company Secretary

 As per our report of even date
For Rangaraju & Associates
Chartered Accountants
Firm Regn No.6912S


KRISHNAN RANGARAJU

 Place : Bangalore
Date : 28.05.2016

KHODAY INDIA LIMITED**Statement of Profit and Loss for the Year Ended 31.03.2016**

(Amount in Rupees)

PARTICULARS	Note	(Amount in Rupees)	
		For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
INCOME :-			
Revenue from Operations	19	2,003,983,239	1,594,570,274
Other Income	20	27,127,645	5,565,464
TOTAL REVENUE:-		2,031,110,884	1,600,135,738
EXPENSES :-			
Cost of raw materials consumed and purchase of goods for resale	21	814,899,120	927,715,838
Changes in inventories of finished goods and Work-In-Progress	22	225,775,665	39,016,910
Employees benefit expenses	23	188,023,655	177,661,244
Finance costs	24	201,785,723	212,765,730
Depreciation	10	76,274,103	114,777,144
Other expenses	25	492,406,641	440,760,796
TOTAL EXPENSES :-		1,999,164,906	1,912,697,662
PROFIT/ (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		31,945,978	(312,561,925)
Exceptional Items		-	25,667,733
PROFIT / (LOSS) BEFORE TAXATION		31,945,978	(338,229,658)
Provision for Taxation - Current Income Tax		-	-
PROFIT/ (LOSS) AFTER TAXATION		31,945,978	(338,229,658)
Income Tax relating to earlier years - (Net)		101,291	72,054
Prior year adjustments		-	346,100
NET PROFIT/ (LOSS) FOR THE YEAR		31,844,687	(338,647,812)
Basic and Diluted Earnings per Share (in Rupee) Refer Note - 38		0.95	(9.56)
Significant Accounting Policies	A		
Notes on Accounts	1 - 42		
The Notes referred to above form an integral part of Statement of Profit and Loss			

For and Behalf of the Board

As per our report of even date

For Rangaraju & Associates

Chartered Accountants

Firm Regn No.6912S



KRISHNAN RANGARAJU

Partner

Membership No. 18457



K. L. RAMACHANDRA

Chairman

K. L. SRIHARI

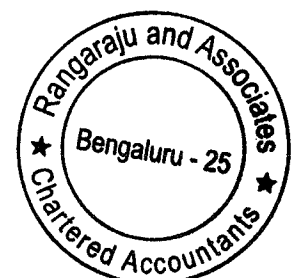
Vice - Chairman &
Managing Director


R. VENKAT SUBRAMANYAN

Company Secretary

Place : Bangalore

Date : 28.05.2016



KHODAY INDIA LIMITED

Notes on Balance Sheet and Statement of Profit & Loss for the year ended 31.03.2016

PARTICULARS			As at 31.03.2016	As at 31.03.2015
NOTE - 1 : SHARE CAPITAL				
AUTHORISED				
4,50,00,000 (PY- 4,50,00,000) Equity Shares of Rs.10/- each			450,000,000	450,000,000
ISSUED , SUBSCRIBED AND PAID UP				
3,36,60,195 (PY - 3,36,60,195) Equity Shares of Rs 10/- each			336,601,950	336,601,950
RECONCILIATION OF NUMBER OF SHARES	As at 31.03.2016 (Rs.)	As at 31.03.2015 (Rs.)		
Balance as at the beginning of the year (Number of Shares: 3,36,60,195; PY-3,75,91,237)	336,601,950	375,912,370		
Less : Reduction of Capital - Refer Note no 28 (Number of Shares : NIL ; Previous year - 39,31,042)	-	39,310,420		
Balance as at the end of the year (Number of Shares: 3,36,60,195; PY-3,36,60,195)	336,601,950	336,601,950		
TERMS/RIGHTS ATTACHING TO EQUITY SHARES				
<p>The Company has only one class of equity shares having a par value of Rs.10/- per share with voting rights.</p> <p>Pursuant to the Minimum Public Shareholding regulations prescribed under Securities Contracts (Regulation) Act, 1956, SEBI has passed an order dated 24th July, 2014, limiting the voting rights, dividend, bonus shares etc. of the Promoter/Promoter group to 31.38%.</p> <p>An appeal has been filed by the Company and the promoters before the Securities Appellate Tribunal, Mumbai, challenging the order passed by SEBI and is awaiting further orders. However without admitting, the Company has complied with the order of SEBI.</p>				
DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY				
Name of the Shareholder	Number of Shares and % of holdings			
	As at 31.03.2016	As at 31.03.2015		
K.L. Ramachandra (H.U.F)	58,11,839 (17.27%)	58,11,839 (17.27%)		
K.L. Srihari (H.U.F)	58,15,795 (17.28%)	58,15,795 (17.28%)		
K.L.A. Padmanabhasa (H.U.F)	58,11,580 (17.27%)	58,11,580 (17.27%)		
K.L. Swamy (H.U.F)	58,01,122 (17.23%)	58,01,122 (17.23%)		
Gayathri Holdings Pvt Ltd	23,42,150 (6.96%)	23,42,150 (6.96%)		
As per the records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares. The company has neither bought back nor issued any bonus shares in the last five years.				
Total...			336,601,950	336,601,950
NOTE - 2 : RESERVES AND SURPLUS				
CAPITAL RESERVE				
As per last Balance Sheet		{ A }	27,346,980	27,346,980
Less : Transferred to General Reserve on disposal of Asset			25,267,430	-
As at the end of the financial year			2,079,550	27,346,980
CAPITAL REDEMPTION RESERVE:				
As per last Balance Sheet		{ B }	531,340	531,340

KHODAY INDIA LIMITED

Notes on Balance Sheet and Statement of Profit & Loss for the year ended 31.03.2016

PARTICULARS		As at 31.03.2016	As at 31.03.2015
SHARE PREMIUM ACCOUNT			
As per last Balance Sheet	{ C }	-	115,462,890
Less: Utilisation for Reduction of Capital		-	115,462,890
As at the end of the financial year	{ D }	-	-
REVALUATION RESERVE :			
As per last Balance Sheet		110,759,483	110,759,483
GENERAL RESERVE :			
As per last Balance Sheet	{ E }	233,163,193	373,218,033
Add : Transferred from Capital Reserve on disposal of Asset		25,267,430	-
Less: Utilisation for Reduction of Capital		-	140,054,840
As at the end of the financial year		258,430,623	233,163,193
SURPLUS IN THE STATEMENT OF PROFIT & LOSS:			
As per last Balance Sheet		(460,700,367)	(122,052,555)
Add: Profit/(Loss) for the year		31,844,687	(338,647,812)
As at the end of the financial year	{ F }	(428,855,680)	(460,700,367)
Total... { A + B + C + D + E + F }		(57,054,683)	(88,899,370)
NOTE - 3 : LONG - TERM BORROWINGS:			
SECURED LOANS:			
a.Term Loans:			
i - From Banks		215,860,171	350,156,968
ii - From Others		33,048,657	24,946,454
Less: Current Maturities of long term debt (Refer note 8a)		94,440,974	175,073,000
	{ A }	154,467,854	200,030,422
b.Long Term Maturities of Finance Lease Obligations - Hire Purchase		34,940,642	45,944,889
Less: Current maturities of Finance Lease Obligations (Refer note 8b)		18,991,165	20,462,590
	{ B }	15,949,477	25,482,299
UNSECURED:			
a. Loans & Advances from Related Parties	{ C }	1,199,548,631	1,064,441,923
Total... { A + B + C }		1,369,965,962	1,289,954,643
(a) (i) Term Loans from banks include			
SECURED BY	TERMS OF REPAYMENT	DEFAULT (If any)	
(1) Rs 210,847 thousands (PY: Rs. 337,634 thousands) secured by Pari Passu 1st Charge on Maturation stock and further secured by first charge by way of mortgage of Land and Building of the Company and immovable properties of firms in which some Directors are Partners, and further secured by personal guarantee of some Directors & eight shareholders and Corporate Guarantee of Firms and Trust in which some Directors are Partners and Trustees respectively.	Repayable in 36 instalments commencing from June 2016 along with interest at 14% p.a (BR + 4.5% + 0.5%)	-NIL- (PY: NIL)	

KHODAY INDIA LIMITED

Notes on Balance Sheet and Statement of Profit & Loss for the year ended 31.03.2016

PARTICULARS			As at 31.03.2016	As at 31.03.2015
(2) Rs 5,013 thousands (PY: 12,522 thousands) secured by hypothecation of 25 vehicles in the name of the Company.	Repayable in 26 monthly instalments commencing from October 2014 along with interest ranging from 16.00% - 16.18%.p.a	-NIL- (PY: NIL)		
(a) (ii) Term Loans from Others include				
(1) Rs 31,430 thousands (PY: 24,946 thousands) secured by Immovable property in the name of 3 Directors of the Company.	Repayable in 23 monthly instalments commencing from September 2015 along with interest at the rate of 14.50% per annum.	-NIL- (PY: NIL)		
(2) Rs. 1,619 (PY: NIL) secured by hypothecation of Equipment of the Company.				
(b) Long Term Maturities of Finance Lease Obligations include				
Rs. 34,941 thousands (PY: Rs.45,945 thousands) secured by hypothecation of Vehicles of the company .	Payments of Equated Monthly Instalments commencing from the month subsequent to taking the lease at interest ranging from 10.50% to 17% per annum.	-NIL- (PY: NIL)		
a. Unsecured Loans & Advances from Related parties				
	TERMS OF REPAYMENT	DEFAULT (if any)		
PARTICULARS				
Rs. 11,99,549 thousands (PY: Rs. 10,64,442 thousands) taken from Directors	Repayable after twelve months from April 2016 without interest.	-NIL- (PY: NIL)		
NOTE - 4 : OTHER LONG - TERM LIABILITIES:				
a.Trade payables*			3,081,038	3,281,038
Total...			3,081,038	3,281,038
*As per the information available with the company, there are no outstanding dues under Long Term Trade payables that are required to be furnished under section 22 of Micro, Small and Medium Enterprise Development Act, 2006.				

KHODAY INDIA LIMITED

Notes on Balance Sheet and Statement of Profit & Loss for the year ended 31.03.2016

PARTICULARS	As at 31.03.2016	As at 31.03.2015
NOTE - 5 : LONG -TERM PROVISIONS:		
a.Provisions for Employee Benefits	24,975,000	33,962,000
Total...	24,975,000	33,962,000
NOTE - 6 : SHORT -TERM BORROWINGS:		
SECURED LOANS:		
a. Loans repayable on demand		
From Banks		
- Cash Credit	693,318,622	677,076,803
Total...	693,318,622	677,076,803
a.Loans Repayable on demand (Cash Credit) from Banks is secured by		
SECURED BY	DEFAULT (if any)	
(1) First charge by way of Hypothecation of stock of Raw Materials, Semi Finished, Finished Goods, other packing materials, Bills Receivables, Book Debts, other movable properties and certain Fixed Deposits of Distillery Division on Pari Passu basis.		
(2) Equitable mortgage of properties of the company, of a private limited company, trust and firms in which some of the Directors are interested/ trustees/ partners.	-NIL- (P Year : NIL)	
(3) Further secured by the Immovable property of some of the Directors and their relatives.		
(4) By personal guarantee of some of the Directors, Shareholders and their relatives and corporate guarantees of some entities in which directors are interested.		
NOTE - 7 : TRADE PAYABLES:		
a.Micro, Small and Medium Enterprises	-	-
b.Others	172,246,178	160,786,464
Total...	172,246,178	160,786,464
NOTE - 8 : OTHER CURRENT LIABILITIES:		
a.Current maturities of Long Term Debt (Refer Note 3a)	94,440,974	175,073,000
b.Current maturities of Finance Lease Obligations (Refer Note 3b)	18,991,165	20,462,590
c.Employee Benefits payable	51,911,008	48,174,620
d.Trade Deposits and Advance from Customers	136,631,502	127,549,447
e.Statutory Dues payable	23,547,844	12,341,824
f.Liabilities towards Equity Share holders - Capital Reduction - Refer Note No 28	294,828,150	294,828,150
g.Dues to Related Parties	-	13,906,756
Total...	620,350,643	692,336,386

KHODAY INDIA LIMITED

Notes on Balance Sheet and Statement of Profit & Loss for the year ended 31.03.2016

PARTICULARS				As at 31.03.2016	As at 31.03.2015
NOTE - 9 : SHORT -TERM PROVISIONS:					
a.For Excise Duty				7,851,080	430,450
Total...				7,851,080	430,450
NOTE - 11 :NON-CURRENT INVESTMENTS					
<i>(Long - Term Investments)</i>					
A. TRADE INVESTMENTS					
i. EQUITY INSTRUMENTS (QUOTED)					
		Number of Shares			
Particulars	F V of each share	2015-16	2014-15		
Excell Glass Limited	1	500	500	500	500
United Spirits Ltd	10	282	282	1,765	1,765
United Breweries Limited	1	230	230	5,480	5,480
United Breweries (Holdings) Ltd.	10	562	562	2,504	2,504
Sub Total				{ A }	10,249
ii. EQUITY INSTRUMENTS (UNQUOTED)					
Particulars	F V of each share	2015-16	2014-15		
Shreno Limited	100	33	33	4,000	4,000
Arthos Breweries Limited	10	225	225	2,000	2,000
Castle Breweries Limited	10	300	300	3,000	3,000
Pilsener Breweries Limited	10	100	100	2,000	2,000
Punjab Breweries Limited	10	250	250	3,000	3,000
Himalaya Distilleries Ltd	10	12500	12500	125,000	125,000
United Glass Bottles Mfg Co Ltd	10	13650	13650	137,000	137,000
Khoday Industries Pvt Ltd	1000	480	480	480,000	480,000
Panchakala Malt Limited	10	100	100	1,000	1,000
Sub Total				{ B }	757,000
iii. INVESTMENT IN SUBSIDIARIES (UNQUOTED)					
Particulars	F V of each share	2015-16	2014-15		
Khoday Properties Pvt Ltd	10	50000	50000	500,000	500,000
Total				{ C }	500,000
B. NON - TRADE INVESTMENTS					
i. EQUITY INSTRUMENTS (QUOTED)					
Particulars	F V of each share	2015-16	2014-15		
Gulf Oil Corporation Limited	2	6317	6317	56,860	56,860
Gulf Oil Lubricants India Limited	2	6317	6317	56,860	56,860
Sub Total				{ D }	113,720
ii. EQUITY INSTRUMENTS (UNQUOTED)					
Particulars	F V of each share	2015-16	2014-15		
Graviss Hospitality Limited	2	4500	4500	5,000	5,000
Kasturi Foods & Chemicals Limited	10	5000	5000	50,000	50,000
MOI Engineering Limited	10	1400	1400	10,000	10,000
Metal Box India Limited	10	365	365	4,000	4,000
Modern Syntex (India) Ltd	10	400	400	12,000	12,000
Sub Total				{ E }	81,000

KHODAY INDIA LIMITED

Notes on Balance Sheet and Statement of Profit & Loss for the year ended 31.03.2016

PARTICULARS				As at 31.03.2016	As at 31.03.2015
iii. INVESTMENT IN MUTUAL FUNDS (UNQUOTED)					
Canara Robeco - Daily Dividend	10		11,329	10,737	116,241
Canara Robeco - Regular Dividend	10		3,627	98,555	75,240
Sub Total ...				{ F }	191,481
iv. INVESTMENT IN PARTNERSHIP FIRM					
Lakshmi Estate					610,742,286
					611,771,958
Name of the Partners	Share of Partners		Total Capital (Rs.In thousands)		
	2015-16	2014-15	2015-16	2014-15	
Khoday India Limited	75.00%	75.00%	610,742	611,772	
K.L. Srihari - HUF	6.25%	6.25%	50,120	50,206	
K.L. Swamy - HUF	6.25%	6.25%	53,046	53,132	
K.L. Ramachandra - HUF	6.25%	6.25%	50,120	50,206	
K.L.A. Padmanabhasa - HUF	6.25%	6.25%	50,120	50,206	
Total				{ G }	610,742,286
v. OTHERS					
Investment in Government Securities					152,850
Total				{ H }	152,850
TOTAL OF NON-CURRENT INVESTMENTS				{ A to H }	612,548,585
Less: Aggregate Provision for Diminution in the Value of Non-Current Investm					57,996
TOTAL NON - CURRENT INVESTMENTS (Net of Provision)					612,490,589
AGGREGATE AMOUNT OF QUOTED INVESTMENTS					123,969
AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS					4,989,414
AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS					612,424,617
NOTE - 12:LONG - TERM LOANS AND ADVANCES					
(Unsecured & Considered Good)					
a.Capital Advances					15,572,698
b.Security Deposits					17,427,726
c.Advance Income Tax \TDS (Net of Provisions:Rs 43,500 thousands, PY -Rs 43,500 thousands)					16,112,368
d. Other Loans and Advances - Trade					8,742,592
Total...					57,855,384
NOTE - 13:OTHER NON-CURRENT ASSETS					
(Unsecured & Considered Good)					
a.Earnest Money Deposits					11,497,042
Total..					11,497,042
NOTE - 14 :INVENTORIES					
Valued at lower of Cost and NRV					
a.Raw Materials					140,487,592
b.Work-in-Progress					626,942,037
c.Finished Goods					63,595,644
d.Stock -in-trade					-
e.Stores, Spares ,Packing Material & Fuel					21,392,199
f.Other stock in trade - Land					-
Total..					852,417,472
					1,072,654,000

KHODAY INDIA LIMITED

Notes on Balance Sheet and Statement of Profit & Loss for the year ended 31.03.2016

PARTICULARS	As at 31.03.2016	As at 31.03.2015
NOTE - 15 :TRADE RECEIVABLES (Unsecured & Considered Good)		
a.Outstanding for a period exceeding six months from due date	59,984,702	84,687,425
b.Others	388,508,187	407,596,888
T o t a l . .	448,492,889	492,284,313
NOTE - 16:CASH AND CASH EQUIVALENTS		
a.Balance with Banks		
- In Current Accounts	85,532,841	17,006,571
- In Deposit Accounts for Margin Money	8,573,378	8,073,378
- In Deposit Accounts for Capital Reduction - Refer Note No 28	295,000,000	-
b.Cheques and Drafts on Hand	165,000	150,000
c.Cash on hand	55,611,178	29,649,532
T o t a l . .	444,882,397	54,879,482
NOTE - 17:SHORT - TERM LOANS AND ADVANCES (Unsecured & Considered Good)		
a.Lease Deposit with Related Party*	123,626,000	123,626,000
b.Loans and Advances to Employees	1,465,319	4,904,064
c.Trade Advances	36,340,960	52,262,039
d.Balances with Govt. Authorities	97,571,474	96,894,014
* Lease Deposit with a firm in which some of the Directors are partners.		
T o t a l . .	259,003,753	277,686,116
NOTE - 18:OTHER CURRENT ASSETS		
a.Interest Accrued on Fixed Deposits	17,384,944	3,233,429
b.Prepaid Expenses	20,150,701	12,507,560
T o t a l . .	37,535,645	15,740,989
NOTE - 19 : REVENUE FROM OPERATIONS		
Sale of IML	5,207,593,627	5,145,573,603
Realty Income	407,876,400	-
Others*	31,146,373	23,411,295
	5,646,616,400	5,168,984,897
Less: Excise Duty	3,642,633,161	3,574,414,623
*Includes sale of spirits and flavouring materials.		
T o t a l . .	2,003,983,239	1,594,570,274
NOTE - 20 : OTHER INCOME		
Interest Income from Fixed deposits	16,431,602	1,054,134
Dividend Income from Non - Current investments	53,925	45,134
Dividend Income from Mutual Fund	6,077	6,558
Royalty and Other Income	1,050,628	1,013,839
Profit on Redemption of Mutual Fund	275,240	-
Sundry Credit balances Written Back	9,310,174	3,445,800
T o t a l . .	27,127,645	5,565,464

KHODAY INDIA LIMITED

Notes on Balance Sheet and Statement of Profit & Loss for the year ended 31.03.2016

PARTICULARS	As at 31.03.2016	As at 31.03.2015
NOTE - 21 : COST OF RAW MATERIALS CONSUMED AND		
GOODS PURCHASED FOR RESALE		
OPENING STOCK		
Raw Materials and goods purchased for resale	132,839,044	110,859,969
Power and Fuel	674,167	3,279,353
Stores, Spares and Packing Materials	22,827,443	21,103,939
Total.. {A}	156,340,654	135,243,260
ADD: PURCHASES		
Raw Materials	704,828,512	778,345,597
Power and Fuel	27,186,256	81,056,807
Stores, Spares and Packing Materials	88,423,488	89,410,828
Total.. {B}	820,438,256	948,813,232
LESS: CLOSING STOCK		
Raw Materials	140,487,592	132,839,044
Power and Fuel	641,801	674,167
Stores, Spares and Packing Materials	20,750,398	22,827,443
Total.. {C}	161,879,791	156,340,654
Consumption of Raw Materials and Purchased for resale.		
Raw Materials and goods purchased for resale	697,179,964	756,366,521
Power and Fuel	27,218,623	83,661,993
Stores, Spares and Packing Materials	90,500,533	87,687,324
Cost of Raw Material Consumed and goods purchased for resale (A + B - C)	814,899,120	927,715,838
NOTE - 22 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
CLOSING STOCK :-		
Finished Goods	63,595,644	35,492,473
Work-In-Progress	626,942,037	855,520,873
Other stock in trade - Land	-	25,300,000
Total.. {A}	690,537,681	916,313,346
OPENING STOCK :-		
Finished Goods	35,492,473	71,015,891
Work-In-Progress	855,520,873	859,014,366
Other stock in trade - Land	25,300,000	25,300,000
Total.. {B}	916,313,346	955,330,256
Increase / (Decrease) in Stock (A - B)	(225,775,665)	(39,016,910)
NOTE - 23 : EMPLOYEES BENEFITS		
Salaries, Wages, Gratuity, Bonus and leave encashment	156,157,332	146,367,643
Staff Welfare Expenses	22,913,755	22,914,732
Contribution to P.F. and Other Funds	8,952,568	8,378,869
Total..	188,023,655	177,661,244
NOTE - 24 : FINANCE COST		
Interest		
On Term Loan	47,922,461	56,644,969
On Others	151,449,727	152,842,655
Bank Charges	2,413,536	3,278,106
Total..	201,785,723	212,765,730

KHODAY INDIA LIMITED

Notes on Balance Sheet and Statement of Profit & Loss for the year ended 31.03.2016

PARTICULARS	As at 31.03.2016	As at 31.03.2015
NOTE - 25 : OTHER EXPENSES		
Manufacturing Expenses:		
Power & Lighting Charges	28,168,406	26,988,364
Repairs & Maintenance :		
- Buildings	6,899,357	5,694,409
- Plant & Machinery	16,802,735	22,066,743
- Electrical	3,064,299	2,182,127
Total	{ A }	56,931,643
Administrative and Selling Expenses:		
Rent	13,916,061	13,696,257
Rates & Taxes	47,783,630	53,856,641
Insurance	1,966,406	1,271,677
Repairs & Maintenance :		
- Vehicles	18,339,991	16,667,523
- Others	5,295,226	6,015,481
Freight, Octroi & Storage Expenses	63,878,828	49,090,561
Lease Rent	14,158,245	16,126,457
Travelling & Conveyance	30,528,309	25,750,029
Printing & Stationery	2,377,512	2,416,939
Telephone ,Postage & Courier Charges	6,709,791	6,530,732
Books & Periodicals	160,255	326,917
Security Service Charges	8,855,309	10,010,722
Legal & Professional Charges	75,332,217	64,439,242
Directors Sitting Fees	85,750	87,500
Payments to Auditors		
- As Auditor	572,500	561,800
Cost Audit Fees	22,900	22,472
Bad Debts	3,256,685	189,422
Donation	-	28,102
Commission & Discount on Sales	39,100,499	22,386,438
Sales Promotion	60,010,138	62,198,237
Advertisement	4,754,922	6,476,728
Service Charges	7,939,425	4,754,689
Irrecoverable advances written off	24,102,787	651,985
Miscellaneous Expenses	6,941,619	19,270,229
Share of Loss in Partnership Firm	1,029,673	919,848
Loss on Foreign Currency Transactions & Translation	353,167	82,528
Total	{ B }	383,829,153
Total..	{ A+ B }	440,760,796

KHODAY INDIA LIMITED

SCHEDULE - 5

FIXED ASSETS SCHEDULE AS ON 31 - 03 - 2016

In Rupees

SL NO	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		AS ON 01.04.2015	ADDITIONS	SALES / TRANSFER	AS ON 31.03.2016	AS ON 01.04.2015	FOR THE YEAR	AS ON 31.03.2016	AS ON 31.03.2016	AS ON 31.03.2015
1	LAND	24,105,210			24,105,210				24,105,210	24,105,210
2	BUILDINGS	448,580,045	11,978,263		460,558,308	235,637,634	19,311,586	254,949,221	205,609,087	212,942,411
3	PLANT & MACHINERY	698,212,131	8,472,284		706,684,415	543,324,592	28,740,660	572,065,252	134,619,163	154,887,539
4	FURNITURE & FIXTURES OTHER OFFICE EQUIPMENTS	406,968,822	1,328,932		408,297,754	378,298,286	4,763,404	383,061,690	25,236,063	28,670,535
5	VEHICLES	226,023,667	8,766,128		234,789,795	153,740,248	23,458,452	177,198,700	57,591,095	72,283,419
	Total	1,803,889,875	30,545,607		1,834,435,482	1,311,000,760	76,274,103	1,387,274,863	447,160,619	492,889,115
	Previous Year	1,672,217,753	131,672,122	-	1,803,889,875	1,196,223,616	114,777,144	1,311,000,760	492,889,115	475,994,136
6	CAPITAL WORK-IN-PROGRESS	-	-	-	-	-	-	-	-	-
7	Previous Year	3,708,172	-	-	3,708,172	-	-	-	-	3,708,172

Significant Accounting Policies and Notes on Financial Statements

A. Significant Accounting Policies

(a) Accounting Convention:

The Financial Statements have been prepared under the Historical Cost Convention (except for certain assets which are revalued) in accordance with the Generally Accepted Accounting Practices in India.

(b) Basis of Preparation:

The financial statements have been prepared to comply with the mandatory accounting standards notified by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 2013.

(c) Estimates and Assumptions:

Preparation of Financial Statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities as at the date of the Balance Sheet and the reported amounts of income and expenses during the reporting period. Examples include provision for doubtful debts, useful life of assets, etc. Actual results may differ from these estimates.

(d) Inventories:

Inventory of raw material, stores, spares, materials in transit, work in progress, finished goods – both manufactured and traded are valued at lower of cost and net realizable value.

The cost is calculated on First-in First-Out basis and comprises of expenditure incurred in the normal course of business in bringing such inventory to its present location, and includes the borrowing cost that are attributable to maturation stocks which has been considered for valuation of Work In Progress wherever applicable, and allocation of appropriate overheads based on normal level of activity.

Stock in Trade – Land is valued at the value on the date of conversion from capital asset to stock in Trade or the current market value, whichever is lower.

(e) Cash Flow Statements:

Cash Flow Statement has been prepared under “Indirect Method” as prescribed by Accounting Standard–3. Cash and cash equivalents comprise Cash in Hand, Cheques in Hand, Current and other accounts (Including Fixed Deposit) held with Banks.

(f) Events occurring after the Balance Sheet Date:

Assets and Liabilities are adjusted for events occurring after the balance sheet date that provide additional evidence to assist the estimation of amounts related to conditions existing at the balance sheet date.

(g) Net Profit or Loss for the period, prior period Items and Changes in Accounting Policies:

▪ Net Profit for the period:

All the items of income and expenses in the period are included in the determination of net Profit / Loss for the period, unless specifically mentioned elsewhere in the financial statements or is required by an Accounting Standard.



Significant Accounting Policies and Notes on Financial Statements

▪ Prior Period item:

Income / Expenditure are disclosed in Prior Year Adjustments only when the value exceeds Rupees One Lakh in each case.

▪ Extra Ordinary items:

Extraordinary items, if any are disclosed separately in accordance with Accounting Standard - 5.

(h) Depreciation Accounting:

Depreciation has been provided on fixed assets based on the useful life prescribed under Schedule II to the Companies Act 2013, on written down value method except for Plant & Machinery and Building of Distillery Division acquired prior to 31st March 1999 and the assets of Paper Division where the depreciation has been provided on straight line basis. The useful life of Oakwood Barrels has been taken as 14 years, based on technical evaluation. Depreciation is provided on pro-rata basis on additions and deletions from the date the assets were put to use and up to the date of sale / transfer, respectively.

Certain Fixed Asset were been revalued during the year 1998-99. Consequent to provisions contained in Schedule II to the Companies Act, 2013 read with "Applicable Guide on the Provisions of Schedule II to the Companies Act, 2013" issued by the ICAI, the depreciation amount attributable to the revalued portion of Fixed Assets have been charged to the Statement of Profit & Loss Account and not drawn from the Revaluation Reserve.

(i) Revenue Recognition:

- Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with the dispatch of goods to the customers. Sales are net of returns; sales tax collected and tax collected at source are not included in sales. Sales include excise duty and additional excise duty.
- Dividend on Investments is accounted in the year in which the right to receive is established.
- Incomes from services or contracts are recognized in accordance with the terms of the contract.

(j) Accounting for Tangible Fixed Assets:

Fixed assets are stated at cost of acquisition inclusive of inward freight, duties (net off CENVAT Credit) and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalized. Expenses capitalized also include applicable borrowing costs till the date of commencement of production.

Assets acquired under hire purchase are capitalized to the extent of the principal value.

In case of revaluation of Tangible Assets, the difference between the written up value of the Asset revalued and the carrying amount in the books are transferred to Revaluation Reserve.

Significant Accounting Policies and Notes on Financial Statements

(k) Accounting for Effect in Foreign Exchange Rates:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities on the balance sheet date are translated at year end exchange rates. Exchange difference arising either on settlement of foreign exchange transactions or translation of monetary items is recognized as income or expense in the year in which they arise.

(l) Accounting for Investments:

- Non Current investments are valued at cost. Provision is made to recognize a diminution other than temporary, in the value of each long-term investment.
- Current Investments are stated at lower of cost and quoted/fair value.

(m) Accounting for Employee benefits:

- **Short term benefits**
Short term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders the services.
- **Provident Fund**
Provident fund is a defined contribution scheme as the Company pays fixed contribution at pre-determined rates. The obligation of the Company is limited to such fixed contribution. The contributions are charged to Profit & Loss Account.
- **Gratuity**
The company provides for gratuity, a defined benefit retirement plan covering eligible employees. Liabilities with regard to the Gratuity are determined by actuarial valuation as at the balance sheet date.
- **Leave Encashment**
The company provides for Leave Encashment, a defined benefit retirement plan covering all the employees. Liabilities with regard to the Leave Encashment are determined by actuarial valuation as at the balance sheet date.

(n) Borrowing Cost:

Borrowing costs attributable to acquisition and construction of assets are capitalized as part of the cost of such asset up to the date when such asset is ready for its intended use. Borrowing costs attributable to 'Maturation stocks' has been considered for valuation of Work In Progress, as these stocks require a substantial period of time to bring them to saleable condition. Other Borrowing Costs are treated as revenue expenditure.

(o) Segment Reporting:

The company has considered business segment as reporting segment and accordingly identified Liquor, Glass, Contract, Systems and Realty as reporting business segments. Secondary segmental reporting is performed on the basis of the geographical location of the customers and accordingly segmental revenue is reported as revenue from India and from outside India.

Significant Accounting Policies and Notes on Financial Statements

(p) Related Party Transactions:

The related party transactions have been classified under the heads Subsidiary, Key Management Personnel, relatives of Key Management Personnel and Entities over which Key Management Personnel and / or their relatives are able to exercise significant influence.

(q) Lease:

- Finance Lease Payments are apportioned between Finance Charges and reduction of lease liability as per the relevant agreements.
- Operating Lease payments are recognized in the Statement of Profit and Loss over the lease term.

(r) Earning per Share:

- Basic earning per share has been computed with reference to Weighted Average number of Shares outstanding at monthly rests.
- Diluted Earnings per share has been computed based on the basic earnings adjusted for all dilutive potential equity shares.

(s) Accounting for Taxes on Income:

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income-tax reflects the impact of timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the Tax Laws and rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized on brought forward unabsorbed depreciation and brought forward losses only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. Deferred tax asset of earlier years is reassessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which, such deferred tax assets can be realized.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax asset and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by same governing taxation laws.

Minimum Alternate Tax (MAT) Credit recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

Significant Accounting Policies and Notes on Financial Statements

(t) Impairment of Asset:

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which the asset is identified as impaired, unless the asset is carried at revalued amount, in which case any impairment loss of a revalued asset is treated as a decrease in Revaluation Reserve. The impairment Loss recognized in prior accounting periods is reversed if there has been an increase in the estimate of recoverable value.

(u) Provision , Contingent Liabilities and Contingent Assets:

- A present obligation, as a result of past events which could be reliably estimated, is provided in the accounts, if it is probable that there will be an outflow of resources.
- Contingent liabilities are not recognized, but are disclosed at their estimated value by way of notes in the Financial Statements.
- Contingent Assets are neither recognized nor disclosed in the financial statements.

(v) Trade Receivables and Loans & Advances:

Trade receivables and Loans and Advances are stated after making adequate provision for those doubtful of recovery.

(w) Expenditure:

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

(x) Excise Duty:

Excise duty recovered is included in the sale of products. Excise duty paid on dispatches and in respect of finished goods lying at factory premises are shown separately as an item of excise duty in the Profit and Loss account and included in the valuation of Finished Goods.

Significant Accounting Policies and Notes on Financial Statements
Rs in Thousands

26 Previous year figures have been re-grouped/ re-arranged wherever necessary to conform to the current year's presentation.

27 Contingent Liabilities

S.No.	Particulars	2015-16	2014-15
1.	Claims against the company not acknowledged as debts	16,916	16,916
2.	Disputed Income Tax not provided for	7,752	20,836

28 A special resolution u/s 100 of the Companies Act 1956 approving the reduction of paid up share capital of the Company held by Public shareholders to the extent of 3,931,042 shares at Rs 75/- per share amounting to Rs 294,828 was passed at the AGM held on 30th December 2013. The Hon'ble Karnataka High Court, on 7th August, 2014 passed an order confirming the special resolution passed by the Company in the said AGM. A certificate of reduction of Capital was issued by the said ROC dated 12th September, 2014 and the MCA records have been updated, incorporating the Reduction of Capital.

The Company has made requisite entries in the books of accounts giving effect to the Reduction of Capital by reducing its Share Capital, Reserves/Securities Premium and creating a liability towards the equity share holders under the head "Liability to Equity Share Holders" and a fixed deposit to the tune of Rs 295,000 has been placed with Punjab National Bank for settlement of this liability. The Company has also obtained a legal opinion for the same and considers the liability to be a subsisting liability.

An application filed by SEBI for impleadment in the proceedings and recalling the order of Reduction of Capital was rejected by the Hon'ble High Court of Karnataka. SEBI has filed an appeal and the matter is pending before the concerned forum.

The Company has made consistent and repeated attempts to implement the Court's Order by fixing the record date first on 29th September, 2014 and subsequently on 10th October, 2014, 7th December, 2014, 7th April, 2015, 22nd June, 2015 and 13th October, 2015 for the purpose of drawing up the list of Public Shareholders entitled to payment in respect of the shares so cancelled, but the same has not been acted upon by BSE Limited.

29 Exceptional items represent payment of Rs NIL (PY Rs 25,668) paid as litigation settlement to two parties.

30 CIF Value Of Imports

Particulars	2015-16	2014-15
Raw Materials	32,836	52,557
Capital Goods	-	27,191

31 Consumption of Imported and Indigenous Materials And Components

Particulars	2015-16		2014-15	
	In %	In Value	In %	In Value
Imported	6.14%	50,056	4.49%	41,578
Indigenous	93.86%	764,843	95.51%	886,137
Total Materials Consumed		814,899		927,715

Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

32 Expenditure In Foreign Currency

Particulars	2015-16	2014-15
For Travel	274	2,346
For Consulting Services	11,380	-
For Others	826	-

33 Earnings In Foreign Currency

Particulars	2015-16	2014-15
FOB Value of Exports	1,244	4,393

34 Employee Benefits

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to defined contribution plan recognized as expense for the year.

PARTICULARS	2015-16	2014-15
Employer's Contribution to Provident Fund	7,452	6,261

Defined Benefit Plan

In case of Gratuity, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity. In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of post employment benefits is recognized in the Profit & Loss A/c and Balance Sheet as under:

A. Changes in the present value of the obligations

Particulars	2015-16		2014-15	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of defined benefit obligation	31,994	1,968	30,842	1,899
Interest Cost	2,559	157	2,467	152
Current service cost	640	39	617	38
Add / (Less)				
Benefits Paid	(8811)	(827)	(6,798)	(211)
Actuarial loss/ (gain) on obligations	(2912)	167	4,865	90
Present value of defined benefit obligation	23,471	1,505	31,994	1,968

Significant Accounting Policies and Notes on Financial Statements
Rs in Thousands
B. Amount recognized in Balance Sheet

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Present value of defined benefit obligation	23,471	1,505	31,994	1,968
Add / (Less)				
Unrecognized past service cost	-	-	-	-
Unrecognized transitional liability	-	-	-	-
Unfunded net liability / (asset) recognized in Balance Sheet	23,471	1,505	31,994	1,968
Present value of defined benefit obligation	23,471	1,505	31,994	1,968
Breakup of accrued liability				
Non Current Liability	23,471	1,505	31,994	1,968

C. Expenses recognized in the Profit & Loss Statement

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Current service cost	640	39	617	38
Interest cost	2,559	157	2,467	152
Add / (Less)				
Net Actuarial loss/(gain) recognized in the year	(2,912)	167	4,865	90
Net benefit expense	287	363	7,949	280

D. Principal Actuarial assumption at the Balance sheet date

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Discount rate	8%	8%	8%	8%
Rate of escalation in salary	4%	4%	5%	5%
Mortality rate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
Expected Average Remaining working lives of Employees	15	15	15	15
Method used	PUCM	PUCM	PUCM	PUCM
Date of Actuarial Report	3 rd May 2016	3 rd May 2016	22 nd April 2015	22 nd April 2015

Significant Accounting Policies and Notes on Financial Statements**Rs in Thousands**

35 Segment Reporting is presented in Consolidated Financial Statements in terms of Accounting Standard 17 on Segment Reporting.

36 Related Party Disclosures

The List of related parties as identified by the Management is as under

Wholly owned Subsidiary

1. Khoday Properties Private Limited

Key Management Personnel

1. K L Srihari (Managing Director)
2. K L A Padmanabhasha (Joint Managing Director)
3. K L Swamy (Executive Director)

Relatives of Key Management Personnel

1. K L Ramachandra (Non Executive Chairman)
2. K R Nithyanand (Non Executive Director)
3. K H Gurunath (Non Executive Director)
4. K S Giridhar (Non Executive Director)
5. K H Radheshyam
6. K.H. Srinivas
7. K P Ghanshyam
8. K R Dayanand
9. K S Brijmohan

Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence

1. K L Ramachandra – HUF
2. K L A Padmanabhasha – HUF
3. K L Srihari – HUF
4. K L Swamy – HUF
5. Acqua Borewells Private Limited
6. Blendwell bottlers Private Limited
7. Cassonava Distilleries Private Limited
8. Coconut Groves & Holiday Resorts Pvt Limited
9. Daatha Builders Private Limited
10. Elkay Farm
11. Elkay Tradings Corporation Private Limited
12. Five Brothers Marketing Private Limited
13. Forest Resort (Bandipur) Limited
14. Gayathri Foundation
15. Gayathri Holdings Private Limited
16. Hercules Construction Company Pvt Limited
17. Honeywell Business Private Limited
18. Ingo Property Developers Private Limited
19. Jay Pee Shoes Private Limited
20. K Lakshmana & Company
21. Kankapura Trading Private Limited
22. Khoday Brothers
23. Khodays Breweries Limited
24. Khoday Business Private Limited
25. Khoday Control Systems Private Limited
26. Khoday Eshawarsa and Sons
27. Khoday Hotels Private Limited
28. Khoday Industires (Kuppam) Private Limited

Significant Accounting Policies and Notes on Financial Statements**Rs in Thousands**

29. Khoday Industries (Hyderabad) Private Limited
30. Khoday Industries Pvt Limited
31. Khodays Brothers International Limited
32. Khodays Technologies Limited
33. Kilara Power Limited
34. L.K Polyfibre Limited
35. L.K Power Corporation Limited
36. L.K Trust
37. Lakshmi Estate
38. Macdonald Tradings Private Limited
39. Mc Donald Distilleries Private Limited
40. National Distilleries Limited
41. North India Distillers Private Limited
42. Panchaganga Tradings Private Limited
43. Panchakalyani Tradings Private Limited
44. Parsan Holiday Resorts Private Limited
45. Peterscot Tradings Private Limited
46. Ram Mohan & Company Private Limited
47. Ransh Coffee Estate
48. River Resorts Limited
49. Saraswathi Estate
50. Spring Borewells Company Private Limited
51. Sri Gurunath Tradings Private Limited
52. Sri Narmada Distilleries Private Limited
53. Surya Watch Industries Private Limited
54. The Distillers Company Private Limited
55. Thiruvonam Wines
56. Regit Estates Limited (formerly Tiger Breweries Limited)
57. Trishul Wineries & Distilleries Private Limited
58. United Glass Bottles Manufacturing Company Limited
59. Universal Business Concepts Private Limited
60. Universal Trading Company
61. Vaishnavi Communications Private Limited
62. Vindhya Distilleries
63. Vyjayanthi Tradings Private Limited
64. Wesco Power Generation Limited
65. West India Distilleries Private Limited

KHODAY INDIA LIMITED

Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

Particulars	2015-16				2014-15			
	Wholly Owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence	Wholly Owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence
A. Income								
Sales	-	-	-	13,705	-	-	-	17,318
Rent received	-	-	-	450	-	-	-	-
B. Expenses								
Purchase of Goods / Services	-	-	-	354	-	-	-	1,574
Leasing arrangement / Rent paid	-	-	720	2,584	-	-	720	3,073
Traveling, Sales promotion and others	-	-	-	1,093	-	-	-	2,523
Purchase of Fixed Assets	-	-	-	-	-	-	-	3,303
Closing Balance	-	1,199,548 (Cr)	-	123,626 (Dr)	-	1,064,442 (Cr)	-	109,719 (Dr)
C. Investment in								
Subsidiary	500	-	-	-	500	-	-	-
Partnership firm	-	-	-	610,742	-	-	-	611,772
Companies	-	-	-	480	-	-	-	480
D. Others								
Guarantee and Collateral obtained*	-	31,430	-	904,166	-	24,496	-	1,014,710

* - includes Personal guarantee obtained from entities over which key management personnel are able to exercise significant influence, Key management Personnel and their related parties.

NOTE: No Amount has been written back or written off during the year in respect of amounts due to or from related parties.

KHODAY INDIA LIMITED

Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

Particulars	2015-16				2014-15			
	Wholly owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence	Wholly owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence
- K L A Padmanabhasa - H.U.F	-	-	-	90	-	-	-	90
K L Ramachandra - H.U.F	-	-	-	90	-	-	-	90
K L Srihari - H.U.F	-	-	-	90	-	-	-	90
K L Swamy - H.U.F	-	-	-	90	-	-	-	90
K R Dayananda	-	-	90	-	-	90	-	-
K H Radheshyam	-	-	90	-	-	90	-	-
K H Srinivas	-	-	90	-	-	90	-	-
K P Ganshyam	-	-	90	-	-	90	-	-
K S Brijmohan	-	-	90	-	-	90	-	-
Sub-total	-	-	720	2,584	-	720	3,073	3,073
Traveling, Sales promotion and others								
- Ram Mohan & Company Pvt Ltd	-	-	-	1,093	-	-	-	2,523
Sub-total	-	-	1,093	1,093	-	-	2,523	2,523
Purchase of Fixed Assets								
- Khoday Breweries Ltd	-	-	-	-	-	-	-	399
- Khoday Control Systems Pvt Ltd	-	-	-	-	-	-	-	2,904
Sub-total	-	-	-	-	-	-	3,303	3,303

Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

Particulars	2015-16				2014-15			
	Wholly owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence	Wholly owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence
Closing Balance	-	1,199,548 (Cr)	-	123,626 (Dr)		1,064,442 (Cr)	-	109,719 (Dr)
C. Investment in								
Wholly owned Subsidiary - Khoday Properties Pvt Ltd.	500	-	-	-	500	-	-	-
Partnership firm - Lakshmi Estate	-	-	-	610,742	-	-	-	611,771
Companies - Khoday Industries Pvt Limited	-	-	-	480	-	-	-	480
D. Others								
Guarantee and Collateral obtained*	-	31,430		904,166	-	24,496	-	1,014,710

* - includes Personal guarantee obtained from entities over which key management personnel are able to exercise significant influence, Key management Personnel and their related parties.

NOTE: No Amount has been written back or written off during the year in respect of amounts due to or from related parties.

Significant Accounting Policies and Notes on Financial Statements
Rs in Thousands
37 Leases

The Company has taken certain assets on operating lease and certain assets on Finance Lease. The amounts of further minimal lease payments are stated below:

Particulars	2015-16	2014-15
Operating Lease:		
Less than 1 year	900	1,574
Later than 1 year & not later than 5 years	NIL	NIL
Later than 5 years	NIL	NIL
Finance Lease:		
Less than 1 year	18,991	20,463
Later than 1 year & not later than 5 years	15,949	25,482
Later than 5 years	NIL	NIL

38 Earnings Per Share

Particulars		2015-16	2014-15
Profit/(Loss) after Taxation as per Profit and Loss Account	A	31,845	(338,648)
Weighted Average Number of Equity Shares (In Nos in '000)	B	33,660	35,437
Earnings per Share - Basic (in Rs.) {A/B}		0.95	(9.56)
Earnings per Share - Diluted (in Rs.) {A/B}		0.95	(9.56)
Face Value per Share (in Rs.)		10.00	10.00

The above calculated EPS has been made out based on the reduced Capital pursuant to the scheme of Capital Reduction.

39 Deferred Tax

In accordance with the Accounting Standard - 22 "Accounting for Taxes on Income" the company reviewed the deferred tax assets and liabilities. As a measure of prudence, this net deferred tax asset has not been recognized in the financial statement. The details are as below:-

Particulars		2015-16	2014-15
Deferred Tax - Liabilities:			
On Prepaid license fee		33,495	31,392
TOTAL	A	33,495	31,392
Deferred Tax - Assets			
On Depreciation differences		18,813	15,383
On Employees Benefits		21,074	22,832
On unabsorbed tax losses and depreciation		122,510	143,841
TOTAL	B	162,397	182,056
Net Deferred Tax Liabilities / (Assets) [A - B]		(128,902)	(150,664)

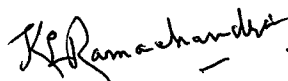
Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

40 Payments made to Directors

Particulars	2015-16	2014-15
Directors' sitting fees	85	87
Managerial Remuneration	*	*
* Remuneration to Managerial Personnel has not been provided		

- 41** Fixed Assets includes a building with a WDV of Rs. 9,829 (Previous Year: Rs. 10,330) the title of which is under dispute before the Debt Recovery Tribunal. Pending resolution of this dispute, the company continues to reckon the Building as an asset in its financial statement.
- 42** Certain confirmation of balances for Trade Payables (Current and Non-Current), Trade Deposits and Advances, Capital Advances, Deposits, Other Loans & Advances and Trade Receivables are awaited. The accounts' reconciliations of some parties where confirmation have been received are in progress. Adjustments for differences, if any, arising out of such confirmations/ reconciliations would be made in the accounts on receipt of such confirmations and reconciliations thereof. The Management is of the opinion that the impact of adjustments, if any, is not likely to be significant. In the opinion of the Management all current assets, loans and advances including advances in capital accounts would be realized at the values at which these are stated in the accounts, in the ordinary course of business.

For and on Behalf of the Board**K. L. RAMACHANDRA**

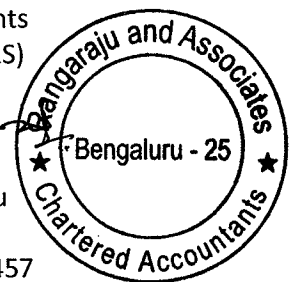
Chairman

**K. L. SRIHARI**Vice - Chairman &
Managing Director**R. VENKAT****SUBRAMANYAN**

Company Secretary

**As per our report of even date
for Rangaraju & Associates**Chartered Accountants
(Firm Regn No: 6912S)Krishnan Rangaraju
(Partner)

Membership No. 18457

Place: Bangalore
Date : 28.05.2016

KHODAY INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars		[Rupees in thousands]	
		2015-16	2014-15
A.	Cash flow from Operating Activities		
	Net Profit Before Tax	31,946	(338,230)
	Adjusted for:		
	Depreciation	76,274	114,777
	Interest Income	-16,432	(1,054)
	Dividend Income	-60	(52)
	Profit on redemption of Mutual Fund	-275	-
	Interest & Bank Charges	201,786	212,766
	Sundry Credit balance written back	-9,310	(3,446)
	Irrecoverable advances and Bad debts written off	27,359	841
	Loss from Lakshmi Estate (Partnership Firm)	1,030	920
	Operating Profit Before Working Capital Changes	312,318	-13,478
	Adjusted for:		
	Trade and other Receivables	33,855	(53,728)
	Inventories	220,237	17,920
	Trade and other payables	29,121	(581,260)
	Cash Generated from operations	595,530	-630,546
	Net prior year adjustments	0	(346)
	Taxes paid (including TDS receivable)	-5,832	(6,541)
	Net Cash from / (Used in) Operating Activities [A]	589,698	-637,433
B.	Cash Flow from Investing activities		
	Purchase of Fixed Assets	-30,546	(131,672)
	Movement in Investment	1,719	(1,207)
	Interest Income (Gross)	16,432	1,054
	Dividend Income	60	52
	Profit on redemption of Mutual Fund	275	-
	Net Cash from / (Used in) Investing Activities [B]	-12,060	-131,773
C.	Cash flow from Financial Activities		
	Proceeds from Borrowings	209,685	1,117,750
	Repayment of Borrowings	-195,536	(123,827)
	Interest & Bank Charges	-201,786	(212,766)
	Net Cash flow from/(Used in) Financing Activities [C]	-187,636	781,157
	Net Cash Flows during the year {A+B+C}	390,002	11,951
	Cash & Cash Equivalents(Opening Balance)	54,879	42,928
	Cash & Cash Equivalents (Closing Balance)	444,882	54,879

K. Ramachandra









RANGARAJU AND ASSOCIATES

CHARTERED ACCOUNTANTS

AUDIT & TAXATION DIVISION

No. 202, 2nd Floor,
73/25, Shree Complex,
St. John's Road,
Bangalore - 560 042

Ph : 91 80 2530 7959
Fax : 91 80 2530 7962
e-mail : rangaraju.associates@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of
Khoday India Limited.

1. Report on the Consolidated Financial Statements

We have audited the attached Consolidated Financial Statements of **Khoday India Limited** (hereinafter referred to as "the Holding Company") and its Subsidiary Khoday Properties Private Limited (collectively referred to hereinafter as "the Group") comprising of the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

2. Management's Responsibility on the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to

fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial control system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2016;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

5. Emphasis of Matter

We draw attention to Note no. 28 to the Consolidated Financial Statements regarding confirmation of Reduction of Capital of the Holding Company under Section 100 of the Companies Act, 1956 by the Hon'ble High Court of Karnataka and subsequent applications filed by SEBI. Our opinion is not qualified in respect of this matter.

6. Report on Other Legal and Regulatory Requirements

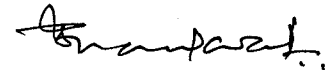
As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company and Subsidiary Company as on 31st March, 2016 taken on record by the Board of Directors of the respective Companies, none of the directors of the Group companies, are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

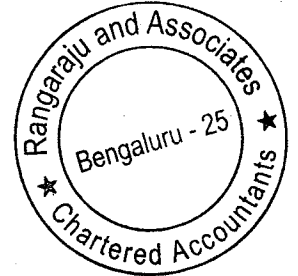
- (f) With respect to the adequacy of Internal Financial Control over Financial Reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure - A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has disclosed the impact of pending litigation on its financial position in its Consolidated Financial Statements vide Note no. 28 and Note no. 41 to the Consolidated Financial Statements.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Group.

Place : Bangalore
Date : 28.05.2016

For Rangaraju & Associates
Chartered Accountants
(Firm Regn No.6912S)



Krishnan Rangaraju
Partner
(Membership No. 18457)



ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KHODAY INDIA LIMITED

Report on the Internal Financial Controls under Section 143 (3) (i) of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Khoday India Limited (hereinafter referred to as "the Holding Company") and its Subsidiary, Khoday Properties Private Limited, which is a Company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its Subsidiary Company, which is a Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

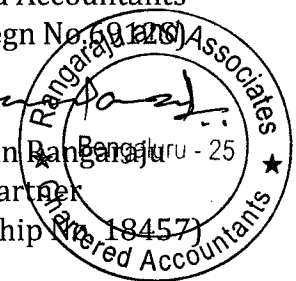
In our opinion, the Holding Company and its subsidiary company which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Bangalore
Date : 28.05.2016

For Rangaraju & Associates
Chartered Accountants
(Firm Regn No. 59128)

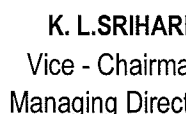

Krishnan Rangaraju - 25
Partner

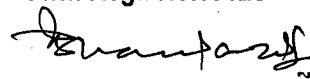
(Membership No. 18457)



PARTICULARS	Note	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
[a] Share Capital	1	336,601,950	336,601,950
[b] Reserves & Surplus	2	(60,085,687)	(91,905,674)
		276,516,263	244,696,276
2. NON - CURRENT LIABILITIES			
[a] Long - Term Borrowings	3	1,373,807,659	1,293,771,854
[b] Other Long - Term Liabilities	4	3,081,038	3,281,038
[c] Long - Term Provisions	5	24,975,000	33,962,000
		1,401,863,697	1,331,014,893
3. CURRENT LIABILITIES			
[a] Short -Term Borrowings	6	693,318,622	677,076,803
[b] Trade Payables	7	172,332,835	160,872,906
[c] Other Current Liabilities	8	620,350,643	692,336,386
[d] Short -Term Provisions	9	7,851,080	430,450
		1,493,853,179	1,530,716,546
T O T A L :-		3,172,233,139	3,106,427,715
ASSETS			
1. NON-CURRENT ASSETS			
[a] Fixed Assets	10		
[i] Tangible Assets		447,160,619	492,889,115
[b] Goodwill on Consolidation		818,684	818,684
[c] Non - Current Investments	11	611,990,589	614,738,945
[d] Long -Term Loans and Advances	12	57,855,384	72,434,717
[e] Other Non-Current Assets	13	11,497,042	11,722,689
		1,129,322,318	1,192,604,150
2. CURRENT ASSETS			
[a] Inventories	14	852,417,472	1,072,654,000
[b] Trade Receivables	15	448,492,889	492,284,313
[c] Cash & Cash Equivalents	16	445,442,876	55,439,961
[d] Short -Term Loans & Advances	17	259,021,939	277,704,302
[e] Other Current Assets	18	37,535,645	15,740,989
		2,042,910,821	1,913,823,565
T O T A L :-		3,172,233,139	3,106,427,715
Significant Accounting Policies	A		
Notes on Accounts	1 - 42	-	-
The Notes referred to above form an integral part of the Balance Sheet		-	-

For and Behalf of the Board


K. L. RAMACHANDRA
Chairman

K. L. SRIHARI
Vice - Chairman &
Managing Director

R. VENKAT SUBRAMANIAN
Company SecretaryAs per our report of even date
For Rangaraju & Associates
Chartered Accountants
Firm Regn No.6912S


KRISHNAN RANGARAJU

Rangaraju & Associates
Member since 1957
Membership No. 18457

Bengaluru - 25

Chartered Accountants

★

Place : Bangalore
Date : 28.05.2016

KHODAY INDIA LIMITED
Consolidated Statement of Profit and Loss for the Year Ended 31.03.2016

PARTICULARS	Note	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
INCOME :-			
Revenue from Operations	19	2,003,983,239	1,594,570,274
Other Income	20	27,127,645	5,565,464
TOTAL REVENUE:-		2,031,110,884	1,600,135,738
EXPENSES :-			
Cost of raw materials consumed and purchase of goods for resale	21	814,899,120	927,715,838
Changes in inventories of finished goods and Work-In-Progress	22	225,775,665	39,016,910
Employees benefit expenses	23	188,023,655	177,661,244
Finance costs	24	201,785,723	212,765,730
Depreciation	10	76,274,103	114,777,144
Other expenses	25	492,431,341	441,057,638
TOTAL EXPENSES :-		1,999,189,606	1,912,994,504
PROFIT/ (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		31,921,278	(312,858,767)
Exceptional Items		-	25,667,733
PROFIT / (LOSS) BEFORE TAXATION		31,921,278	(338,526,500)
Provision for Taxation - Current Income Tax			
PROFIT/ (LOSS) AFTER TAXATION		31,921,278	(338,526,500)
Income Tax relating to earlier years - (Net)		101,291	72,054
Prior year adjustments		-	346,100
NET PROFIT/ (LOSS) FOR THE YEAR		31,819,987	(338,944,654)
Basic and Diluted Earnings per Share (in Rupee) Refer Note - 38		0.95	(9.56)
Significant Accounting Policies		A	
Notes on Accounts		1 - 42	
The Notes referred to above form an integral part of Statement of Profit and Loss			

For and Behalf of the Board

K. L. Ramachandra

K. L. RAMACHANDRA
Chairman

K. L. Srihari

K. L. SRIHARI
Vice - Chairman &
Managing Director

R. Venkat Subramanyan

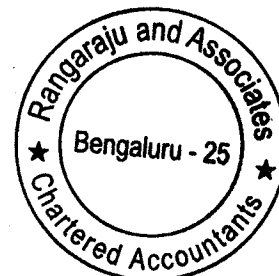
R. VENKAT SUBRAMANYAN
Company Secretary

As per our report of even date
For Rangaraju & Associates
Chartered Accountants
Firm Regn No.6912S

Krishnan Rangaraju

KRISHNAN RANGARAJU
Partner
Membership No. 18457

Place : Bangalore
Date : 28.05.2016



KHODAY INDIA LIMITED
Consolidated Notes on Balance Sheet and Statement of Profit & Loss for the Year Ended 31.03.2016

PARTICULARS			As at 31.03.2016	As at 31.03.2015
NOTE - 1 : SHARE CAPITAL				
AUTHORISED				
4,50,00,000 (PY- 4,50,00,000) Equity Shares of Rs.10/- each			450,000,000	450,000,000
ISSUED , SUBSCRIBED AND PAID UP				
3,36,60,195 (PY - 3,36,60,195) Equity Shares of Rs 10/ - each			336,601,950	336,601,950
RECONCILIATION OF NUMBER OF SHARES	As at 31.03.2016 (Rs.)	As at 31.03.2015 (Rs.)		
Balance as at the beginning of the year (Number of Shares: 3,36,60,195; PY-3,75,91,237)	336,601,950	375,912,370		
Less : Reduction of Capital - Refer Note no 28 (Number of Shares : NIL ; Previous year - 39,31,042)	-	39,310,420		
Balance as at the end of the year (Number of Shares: 3,36,60,195; PY-3,36,60,195)	336,601,950	336,601,950		
TERMS/RIGHTS ATTACHING TO EQUITY SHARES				
The Company has only one class of equity shares having a par value of Rs.10/- per share with voting rights.				
Pursuant to the Minimum Public Shareholding regulations prescribed under Securities Contracts (Regulation) Act, 1956, SEBI has passed an order dated 24th July, 2014, limiting the voting rights, dividend, bonus shares etc. of the Promoter/Promoter group to 31.38%.				
An appeal has been filed by the Company and the promoters before the Securities Appellate Tribunal, Mumbai, challenging the order passed by SEBI and is awaiting further orders. However without admitting, the Company has complied with the order of SEBI.				
DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY				
Name of the Shareholder	Number of Shares and % of holdings			
	As at 31.03.2016	As at 31.03.2015		
K.L. Ramachandra (H.U.F)	58,11,839 (17.27%)	58,11,839 (17.27%)		
K.L. Srihari (H.U.F)	58,15,795 (17.28%)	58,15,795 (17.28%)		
K.L.A. Padmanabhasa (H.U.F)	58,11,580 (17.27%)	58,11,580 (17.27%)		
K.L. Swamy (H.U.F)	58,01,122 (17.23%)	58,01,122 (17.23%)		
Gayathri Holdings Pvt Ltd	23,42,150 (6.96%)	23,42,150 (6.96%)		
As per the records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.				
The company has neither bought back nor issued any bonus shares in the last five years.				
Total...			336,601,950	336,601,950
NOTE - 2 : RESERVES AND SURPLUS				
CAPITAL RESERVE				
As per last Balance Sheet		{ A }	27,346,980	27,346,980
Less : Transferred to General Reserve on disposal of Asset			25,267,430	-
As at the end of the financial year			2,079,550	27,346,980
CAPITAL REDEMPTION RESERVE:				
As per last Balance Sheet		{ B }	531,340	531,340

KHODAY INDIA LIMITED

Consolidated Notes on Balance Sheet and Statement of Profit & Loss for the Year Ended 31.03.2016

PARTICULARS		As at 31.03.2016	As at 31.03.2015
SHARE PREMIUM ACCOUNT			
As per last Balance Sheet	{ C }	-	115,462,890
Less: Utilisation for Reduction of Capital		-	115,462,890
As at the end of the financial year	{ D }	-	-
REVALUATION RESERVE :			
As per last Balance Sheet		110,759,483	110,759,483
GENERAL RESERVE :			
As per last Balance Sheet	{ E }	233,163,193	373,218,033
Add : Transferred from Capital Reserve on disposal of Asset		25,267,430	-
Less: Utilisation for Reduction of Capital		-	140,054,840
As at the end of the financial year		258,430,623	233,163,193
SURPLUS IN THE STATEMENT OF PROFIT & LOSS:			
As per last Balance Sheet		(463,706,671)	(124,762,017)
Add: Profit /(Loss) for the year		31,819,987	(338,944,654)
As at the end of the financial year	{ F }	(431,886,684)	(463,706,671)
Total... {A+B+C+D+E+F}		(60,085,687)	(91,905,674)
NOTE - 3 : LONG - TERM BORROWINGS:			
SECURED LOANS:			
a.Term Loans:			
i - From Banks		215,860,171	350,156,968
ii - From Others		33,048,657	24,946,454
Less: Current Maturities of long term debt (Refer note 8a)		94,440,974	175,073,000
	{ A }	154,467,854	200,030,422
b.Long Term Maturities of Finance Lease Obligations - Hire Purchase		34,940,642	45,944,889
Less: Current maturities of Finance Lease Obligations (Refer note 8b)		18,991,165	20,462,590
	{ B }	15,949,477	25,482,299
UNSECURED:			
a. Loans & Advances from Related Parties	{ C }	1,203,390,328	1,068,259,134
Total... {A+B+C}		1,373,807,659	1,293,771,854
(a) (i) Term Loans from banks include			
SECURED BY	TERMS OF REPAYMENT	DEFAULT (If any)	
(1) Rs 2,10,847 thousands (PY: Rs. 3,37,634 thousands) secured by Pari Passu 1st Charge on Maturation stock and further secured by first charge by way of mortgage of Land and Building of the Company and immovable properties of firms in which some Directors are Partners, and further secured by personal guarantee of some Directors & eight shareholders and Corporate Guarantee of Firms and Trust in which some Directors are Partners and Trustees respectively.	Repayable in 36 instalments commencing from June 2016 along with interest at 14% p.a (BR + 4.5% + 0.5%)	-NIL- (PY: NIL)	

KHODAY INDIA LIMITED

Consolidated Notes on Balance Sheet and Statement of Profit & Loss for the Year Ended 31.03.2016

PARTICULARS			As at 31.03.2016	As at 31.03.2015
(2) Rs 5,013 thousands (PY: 12,522 thousands) secured by hypothecation of 25 vehicles in the name of the Company.	Repayable in 26 monthly instalments commencing from October 2014 along with interest ranging from 16.00% - 16.18%.p.a	-NIL- (PY: NIL)		
(a) (ii) Term Loans from Others include				
(1) Rs 31,430 thousands (PY: 24,946 thousands) secured by Immovable property in the name of 3 Directors of the Company.	Repayable in 23 monthly instalments commencing from September 2015 along with interest at the rate of 14.50% per annum.	-NIL- (PY: NIL)		
(2) Rs. 1,619 (PY: NIL) secured by hypothecation of Equipment of the Company.				
(b) Long Term Maturities of Finance Lease Obligations include				
Rs. 34,941 thousands (PY: Rs.45,945 thousands) secured by hypothecation of Vehicles of the company .	Payments of Equated Monthly Instalments commencing from the month subsequent to taking the lease at interest ranging from 10.50% to 17% per annum.	-NIL- (PY: NIL)		
a. Unsecured Loans & Advances from Related parties				
	TERMS OF REPAYMENT	DEFAULT (if any)		
PARTICULARS				
Rs. 12,03,390 thousands (PY: Rs. 10,68,259 thousands) taken from Directors	Repayable after twelve months from April 2016 without interest.	-NIL- (PY: NIL)		
NOTE - 4 : OTHER LONG -TERM LIABILITIES:				
a.Trade payables*			3,081,038	3,281,038
Total...			3,081,038	3,281,038
*As per the information available with the company, there are no outstanding dues under Long Term Trade payables that are required to be furnished under section 22 of Micro, Small and Medium Enterprise Development Act, 2006.				

KHODAY INDIA LIMITED

Consolidated Notes on Balance Sheet and Statement of Profit & Loss for the Year Ended 31.03.2016

PARTICULARS	As at 31.03.2016	As at 31.03.2015
NOTE - 5 : LONG -TERM PROVISIONS:		
a.Provisions for Employee Benefits	24,975,000	33,962,000
Total...	24,975,000	33,962,000
NOTE - 6 : SHORT -TERM BORROWINGS:		
SECURED LOANS:		
a. Loans repayable on demand		
From Banks		
- Cash Credit	693,318,622	677,076,803
Total...	693,318,622	677,076,803
a.Loans Repayable on demand (Cash Credit) from Banks is secured by		
SECURED BY	DEFAULT (if any)	
(1) First charge by way of Hypothecation of stock of Raw Materials, Semi Finished, Finished Goods, other packing materials, Bills Receivables, Book Debts, other movable properties and certain Fixed Deposits of Distillery Division on Pari Passu basis.		
(2) Equitable mortgage of properties of the company, of a private limited company, trust and firms in which some of the Directors are interested/ trustees/ partners.	-NIL- (P Year : NIL)	
(3) Further secured by the Immovable property of some of the Directors and their relatives.		
(4) By personal guarantee of some of the Directors, Shareholders and their relatives and corporate guarantees of some entities in which directors are interested.		
NOTE - 7 : TRADE PAYABLES:		
a.Micro, Small and Medium Enterprises	-	-
b.Others	172,332,835	160,872,906
Total...	172,332,835	160,872,906
NOTE - 8 : OTHER CURRENT LIABILITIES:		
a.Current maturities of Long Term Debt (Refer Note 3a)	94,440,974	175,073,000
b.Current maturities of Finance Lease Obligations (Refer Note 3b)	18,991,165	20,462,590
c.Employee Benefits payable	51,911,008	48,174,620
d.Trade Deposits and Advance from Customers	136,631,502	127,549,447
e.Statutory Dues payable	23,547,844	12,341,824
f.Liabilities towards Equity Share holders - Capital Reduction - Refer Note No 28	294,828,150	294,828,150
g.Dues to Related Parties	-	13,906,756
Total...	620,350,643	692,336,386

KHODAY INDIA LIMITED

Consolidated Notes on Balance Sheet and Statement of Profit & Loss for the Year Ended 31.03.2016

PARTICULARS				As at 31.03.2016	As at 31.03.2015
NOTE - 9 : SHORT -TERM PROVISIONS:					
a.For Excise Duty				7,851,080	430,450
Total...				7,851,080	430,450
NOTE - 11 :NON-CURRENT INVESTMENTS					
<i>(Long - Term Investments)</i>					
A. TRADE INVESTMENTS					
i. EQUITY INSTRUMENTS (QUOTED)					
		Number of Shares			
Particulars	F V of each share	2015-16	2014-15		
Excell Glass Limited	1	500	500	500	500
United Spirits Ltd	10	282	282	1,765	1,765
United Breweries Limited	1	230	230	5,480	5,480
United Breweries (Holdings) Ltd.	10	562	562	2,504	2,504
Sub Total			{ A }	10,249	10,249
ii. EQUITY INSTRUMENTS (UNQUOTED)					
Particulars	F V of each share	2015-16	2014-15		
Shreno Limited	100	33	33	4,000	4,000
Arthos Breweries Limited	10	225	225	2,000	2,000
Castle Breweries Limited	10	300	300	3,000	3,000
Pilsener Breweries Limited	10	100	100	2,000	2,000
Punjab Breweries Limited	10	250	250	3,000	3,000
Himalaya Distilleries Ltd	10	12500	12500	125,000	125,000
United Glass Bottles Mfg Co Ltd	10	13650	13650	137,000	137,000
Khoday Industries Pvt Ltd	1000	480	480	480,000	480,000
Panchakala Malt Limited	10	100	100	1,000	1,000
Sub Total			{ B }	757,000	757,000
B. NON - TRADE INVESTMENTS					
i. EQUITY INSTRUMENTS (QUOTED)					
Particulars	F V of each share	2015-16	2014-15		
Gulf Oil Corporation Limited	2	6317	6317	56,860	56,860
Gulf Oil Lubricants India Limited	2	6317	6317	56,860	56,860
Sub Total			{ C }	113,720	113,720
ii. EQUITY INSTRUMENTS (UNQUOTED)					
Particulars	F V of each share	2015-16	2014-15		
Graviss Hospitality Limited	2	4500	4500	5,000	5,000
Kasturi Foods & Chemicals Limited	10	5000	5000	50,000	50,000
MOI Engineering Limited	10	1400	1400	10,000	10,000
Metal Box India Limited	10	365	365	4,000	4,000
Modern Syntex (India) Ltd	10	400	400	12,000	12,000
Sub Total			{ D }	81,000	81,000

KHODAY INDIA LIMITED

Consolidated Notes on Balance Sheet and Statement of Profit & Loss for the Year Ended 31.03.2016

PARTICULARS				As at 31.03.2016	As at 31.03.2015
iii. INVESTMENT IN MUTUAL FUNDS (UNQUOTED)					
Canara Robeco - Daily Dividend	10		11,329	10,737	116,241
Canara Robeco - Regular Dividend	10		3,627	98,555	75,240
Sub Total				{ E }	1,910,164
iv. INVESTMENT IN PARTNERSHIP FIRM					
Lakshmi Estate					610,742,286
Name of the Partners				Share of Partners	
				Total Capital (Rs.In thousands)	
				2015-16	
				2014-15	
Khoday India Limited	75.00%	75.00%	610,742	611,772	
K.L. Srihari - HUF	6.25%	6.25%	50,120	50,206	
K.L. Swamy - HUF	6.25%	6.25%	53,046	53,132	
K.L. Ramachandra - HUF	6.25%	6.25%	50,120	50,206	
K.L.A. Padmanabhasa - HUF	6.25%	6.25%	50,120	50,206	
Total				{ F }	611,771,958
v. OTHERS					
Investment in Government Securities					152,850
Total				{ G }	152,850
TOTAL OF NON-CURRENT INVESTMENTS				{ A to G }	612,048,585
Less: Aggregate Provision for Diminution in the Value of Non-Current Investm					57,996
TOTAL NON - CURRENT INVESTMENTS (Net of Provision)					611,990,589
AGGREGATE AMOUNT OF QUOTED INVESTMENTS					123,969
AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS					4,989,414
AGGREGATE AMOUNT OF UNQUOTED INVESTMENTS					611,924,617
NOTE - 12:LONG - TERM LOANS AND ADVANCES					
(Unsecured & Considered Good)					
a.Capital Advances					15,572,698
b.Security Deposits					17,427,726
c.Advance Income Tax \TDS (Net of Provisions:Rs 43,500 thousands, PY -Rs 43,500 thousands)					16,112,368
d. Other Loans and Advances - Trade					8,742,592
Total...					57,855,384
NOTE - 13:OTHER NON-CURRENT ASSETS					
(Unsecured & Considered Good)					
a.Earnest Money Deposits					11,497,042
Total..					11,497,042
NOTE - 14 :INVENTORIES					
Valued at lower of Cost and NRV					
a.Raw Materials					140,487,592
b.Work-in-Progress					626,942,037
c.Finished Goods					63,595,644
d.Stock -in-trade					-
e.Stores, Spares ,Packing Material & Fuel					21,392,199
f.Other stock in trade - Land					-
Total..					852,417,472
					1,072,654,000

KHODAY INDIA LIMITED

Consolidated Notes on Balance Sheet and Statement of Profit & Loss for the Year Ended 31.03.2016

PARTICULARS	As at 31.03.2016	As at 31.03.2015
NOTE - 15 : TRADE RECEIVABLES		
(Unsecured & Considered Good)		
a.Outstanding for a period exceeding six months from due date	59,984,702	84,687,425
b.Others	388,508,187	407,596,888
Total..	448,492,889	492,284,313
NOTE - 16:CASH AND CASH EQUIVALENTS		
a.Balance with Banks		
- In Current Accounts	85,629,090	17,102,820
- In Deposit Accounts for Margin Money	8,573,378	8,073,378
- In Deposit Accounts for Capital Reduction - Refer Note No 28	295,000,000	-
b.Cheques and Drafts on Hand	165,000	150,000
c.Cash on hand	56,075,408	30,113,762
Total..	445,442,876	55,439,961
NOTE - 17:SHORT - TERM LOANS AND ADVANCES		
(Unsecured & Considered Good)		
a.Lease Deposit with Related Party*	123,626,000	123,626,000
b.Loans and Advances to Employees	1,483,505	4,922,250
c.Trade Advances	36,340,960	52,262,039
d.Balances with Govt. Authorities	97,571,474	96,894,014
* Lease Deposit with a firm in which some of the Directors are partners.	-	-
Total..	259,021,939	277,704,302
NOTE - 18:OTHER CURRENT ASSETS		
a.Interest Accrued on Fixed Deposits	17,384,944	3,233,429
b.Prepaid Expenses	20,150,701	12,507,560
Total..	37,535,645	15,740,989
NOTE - 19 : REVENUE FROM OPERATIONS		
Sale of IML	5,207,593,627	5,145,573,603
Realty Income	407,876,400	-
Others*	31,146,373	23,411,295
	5,646,616,400	5,168,984,897
Less: Excise Duty	3,642,633,161	3,574,414,623
*Includes sale of spirits and flavouring materials.		
Total..	2,003,983,239	1,594,570,274
NOTE - 20 : OTHER INCOME		
Interest Income from Fixed deposits	16,431,602	1,054,134
Dividend Income from Non - Current investments	53,925	45,134
Dividend Income from Mutual Fund	6,077	6,558
Royalty and Other Income	1,050,628	1,013,839
Profit on Redemption of Mutual Fund	275,240	-
Sundry Credit balances Written Back	9,310,174	3,445,800
Total..	27,127,645	5,565,464

KHODAY INDIA LIMITED

Consolidated Notes on Balance Sheet and Statement of Profit & Loss for the Year Ended 31.03.2016

PARTICULARS	As at 31.03.2016	As at 31.03.2015
NOTE - 21 : COST OF RAW MATERIALS CONSUMED AND GOODS PURCHASED FOR RESALE		
OPENING STOCK		
Raw Materials and goods purchased for resale	132,839,044	110,859,969
Power and Fuel	674,167	3,279,353
Stores, Spares and Packing Materials	22,827,443	21,103,939
Total.. {A}	156,340,654	135,243,260
ADD: PURCHASES		
Raw Materials	704,828,512	778,345,597
Power and Fuel	27,186,256	81,056,807
Stores, Spares and Packing Materials	88,423,488	89,410,828
Total.. {B}	820,438,256	948,813,232
LESS: CLOSING STOCK		
Raw Materials	140,487,592	132,839,044
Power and Fuel	641,801	674,167
Stores, Spares and Packing Materials	20,750,398	22,827,443
Total.. {C}	161,879,791	156,340,654
Consumption of Raw Materials and Purchased for resale.		
Raw Materials and goods purchased for resale	697,179,964	756,366,521
Power and Fuel	27,218,623	83,661,993
Stores, Spares and Packing Materials	90,500,533	87,687,324
Cost of Raw Material Consumed and goods purchased for resale (A + B - C)	814,899,120	927,715,838
NOTE - 22 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
CLOSING STOCK :-		
Finished Goods	63,595,644	35,492,473
Work-In-Progress	626,942,037	855,520,873
Other stock in trade - Land	-	25,300,000
Total.. {A}	690,537,681	916,313,346
OPENING STOCK :-		
Finished Goods	35,492,473	71,015,891
Work-In-Progress	855,520,873	859,014,366
Other stock in trade - Land	25,300,000	25,300,000
Total.. {B}	916,313,346	955,330,256
Increase / (Decrease) in Stock (A - B)	(225,775,665)	(39,016,910)
NOTE - 23 : EMPLOYEES BENEFITS		
Salaries, Wages, Gratuity, Bonus and leave encashment	156,157,332	146,367,643
Staff Welfare Expenses	22,913,755	22,914,732
Contribution to P.F. and Other Funds	8,952,568	8,378,869
Total..	188,023,655	177,661,244
NOTE - 24 : FINANCE COST		
Interest		
On Term Loan	47,922,461	56,644,969
On Others	151,449,727	152,842,655
Bank Charges	2,413,536	3,278,106
Total..	201,785,723	212,765,730

KHODAY INDIA LIMITED

Consolidated Notes on Balance Sheet and Statement of Profit & Loss for the Year Ended 31.03.2016

PARTICULARS	As at 31.03.2016	As at 31.03.2015
NOTE - 25 : OTHER EXPENSES		
Manufacturing Expenses:		
Power & Lighting Charges	28,168,406	26,988,364
Repairs & Maintenance :		
- Buildings	6,899,357	5,694,409
- Plant & Machinery	16,802,735	22,066,743
- Electrical	3,064,299	2,182,127
Total	{ A }	54,934,797
Administrative and Selling Expenses:		
Rent	13,916,061	13,696,257
Rates & Taxes	47,784,830	53,862,641
Insurance	1,966,406	1,271,677
Repairs & Maintenance :		
- Vehicles	18,339,991	16,667,523
- Others	5,295,226	6,015,481
Freight, Octroi & Storage Expenses	63,878,828	49,090,561
Lease Rent	14,158,245	16,126,457
Travelling & Conveyance	30,528,309	25,750,029
Printing & Stationery	2,377,512	2,416,939
Telephone ,Postage & Courier Charges	6,709,791	6,530,732
Books & Periodicals	160,255	326,917
Security Service Charges	8,855,309	10,010,722
Legal & Professional Charges	75,344,267	64,451,078
Directors Sitting Fees	85,750	87,500
Payments to Auditors		
- As Auditor	583,950	573,036
Cost Audit Fees	22,900	22,472
Bad Debts	3,256,685	189,422
Donation	-	28,102
Commission & Discount on Sales	39,100,499	22,386,438
Sales Promotion	60,010,138	62,198,237
Advertisement	4,754,922	6,476,728
Service Charges	7,939,425	4,754,689
Irrecoverable advances written off	24,102,787	651,985
Miscellaneous Expenses	6,941,619	19,270,229
Pre Operative expenses written off	-	267,770
Share of Loss in Partnership Firm	1,029,673	919,848
Loss on Foreign Currency Transactions & Translation	353,167	82,528
Total	{ B }	437,496,544
Total..	{ A+ B }	492,431,341
		441,057,638

KHODAY INDIA LIMITED

SCHEDULE - 5

FIXED ASSETS SCHEDULE AS ON 31 - 03 - 2016

In Rupees

SL NO	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		AS ON 01.04.2015	ADDITIONS	SALES / TRANSFER	AS ON 31.03.2016	AS ON 01.04.2015	FOR THE YEAR	AS ON 31.03.2016	AS ON 31.03.2015
1	LAND	24,105,210			24,105,210			24,105,210	24,105,210
2	BUILDINGS	448,580,045	11,978,263		460,558,308	235,637,634	19,311,586	205,609,087	212,942,411
3	PLANT & MACHINERY	698,212,131	8,472,284		706,684,415	543,324,592	28,740,660	134,619,163	154,887,539
4	FURNITURE & FIXTURES OTHER OFFICE EQUIPMENTS	406,968,822	1,328,932		408,297,754	378,298,286	4,763,404	25,236,063	28,670,535
5	VEHICLES	226,023,667	8,766,128		234,789,795	153,740,248	23,458,452	57,591,096	72,283,420
	Total	1,803,889,875	30,545,607		1,834,435,482	1,311,000,760	76,274,103	447,160,619	492,889,115
	Previous Year	1,672,217,753	131,672,122	-	1,803,889,875	1,196,223,616	114,777,144	492,889,115	475,994,136
6	CAPITAL WORK-IN-PROGRESS	-	-	-	-	-	-	-	-
7	Previous Year	3,708,172	-	-	3,708,172	-	-	-	3,708,172

Significant Accounting Policies and Notes on Financial Statements

A. Significant Accounting Policies

(a) Accounting Convention:

The Financial Statements have been prepared under the Historical Cost Convention (except for certain assets which are revalued) in accordance with the Generally Accepted Accounting Practices in India.

(b) Basis of Preparation:

The financial statements have been prepared to comply with the mandatory accounting standards notified by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 2013.

(c) Principles of Consolidation

The consolidated financial statements include the financial statements of Khoday India Limited and its Wholly Owned Subsidiary, Khoday Properties Private Limited. The financial statements of Khoday India Limited and its Subsidiary have been combined on a line-by-line basis by adding together the book values of all items of assets, liabilities, income and expenditure after eliminating all inter company balances/transactions and resulting unrealized gain/loss from the date the parent company acquired control of the Subsidiary. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

(d) Estimates and Assumptions:

Preparation of Financial Statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities as at the date of the Balance Sheet and the reported amounts of income and expenses during the reporting period. Examples include provision for doubtful debts, useful life of assets, etc. Actual results may differ from these estimates.

(e) Inventories:

Inventory of raw material, stores, spares, materials in transit, work in progress, finished goods – both manufactured and traded are valued at lower of cost and net realizable value.

The cost is calculated on First-in First-Out basis and comprises of expenditure incurred in the normal course of business in bringing such inventory to its present location, and includes the borrowing cost that are attributable to maturation stocks which has been considered for valuation of Work In Progress wherever applicable, and allocation of appropriate overheads based on normal level of activity.

Stock in Trade – Land is valued at the value on the date of conversion from capital asset to stock in Trade or the current market value, whichever is lower.

(f) Cash Flow Statements:

Cash Flow Statement has been prepared under "Indirect Method" as prescribed by Accounting Standard-3. Cash and cash equivalents comprise Cash in Hand, Cheques in Hand, Current and other accounts (Including Fixed Deposit) held with Banks.



Significant Accounting Policies and Notes on Financial Statements

(g) Events occurring after the Balance Sheet Date:

Assets and Liabilities are adjusted for events occurring after the balance sheet date that provide additional evidence to assist the estimation of amounts related to conditions existing at the balance sheet date.

(h) Net Profit or Loss for the period, prior period Items and Changes in Accounting Policies:

▪ Net Profit for the period:

All the items of income and expenses in the period are included in the determination of net Profit / Loss for the period, unless specifically mentioned elsewhere in the financial statements or is required by an Accounting Standard.

▪ Prior Period item:

Income / Expenditure are disclosed in Prior Year Adjustments only when the value exceeds Rupees One Lakh in each case.

▪ Extra Ordinary items:

Extraordinary items, if any are disclosed separately in accordance with Accounting Standard - 5.

(i) Depreciation Accounting:

Depreciation has been provided on fixed assets based on the useful life prescribed under Schedule II to the Companies Act 2013, on written down value method except for Plant & Machinery and Building of Distillery Division acquired prior to 31st March 1999 and the assets of Paper Division where the depreciation has been provided on straight line basis. The useful life of Oakwood Barrels has been taken as 14 years, based on technical evaluation. Depreciation is provided on pro-rata basis on additions and deletions from the date the assets were put to use and up to the date of sale / transfer, respectively.

Certain Fixed Asset were been revalued during the year 1998-99. Consequent to provisions contained in Schedule II to the Companies Act, 2013 read with "Applicable Guide on the Provisions of Schedule II to the Companies Act, 2013" issued by the ICAI, the depreciation amount attributable to the revalued portion of Fixed Assets have been charged to the Statement of Profit & Loss Account and not drawn from the Revaluation Reserve.

(j) Revenue Recognition:

- Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which coincides with the dispatch of goods to the customers. Sales are net of returns; sales tax collected and tax collected at source are not included in sales. Sales include excise duty and additional excise duty.
- Dividend on Investments is accounted in the year in which the right to receive is established.
- Incomes from services or contracts are recognized in accordance with the terms of the contract.

Significant Accounting Policies and Notes on Financial Statements

(k) Accounting for Tangible Fixed Assets:

Fixed assets are stated at cost of acquisition inclusive of inward freight, duties (net off CENVAT Credit) and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalized. Expenses capitalized also include applicable borrowing costs till the date of commencement of production.

Assets acquired under hire purchase are capitalized to the extent of the principal value.

In case of revaluation of Tangible Assets, the difference between the written up value of the Asset revalued and the carrying amount in the books are transferred to Revaluation Reserve.

(l) Accounting for Effect in Foreign Exchange Rates:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities on the balance sheet date are translated at year end exchange rates. Exchange difference arising either on settlement of foreign exchange transactions or translation of monetary items is recognized as income or expense in the year in which they arise.

(m) Accounting for Investments:

- Non Current investments are valued at cost. Provision is made to recognize a diminution other than temporary, in the value of each long-term investment.
- Current Investments are stated at lower of cost and quoted/fair value.

(n) Accounting for Employee benefits:

▪ Short term benefits

Short term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders the services.

▪ Provident Fund

Provident fund is a defined contribution scheme as the Company pays fixed contribution at pre-determined rates. The obligation of the Company is limited to such fixed contribution. The contributions are charged to Profit & Loss Account.

▪ Gratuity

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. Liabilities with regard to the Gratuity are determined by actuarial valuation as at the balance sheet date.

▪ Leave Encashment

The company provides for Leave Encashment, a defined benefit retirement plan covering all the employees. Liabilities with regard to the Leave Encashment are determined by actuarial valuation as at the balance sheet date.

Significant Accounting Policies and Notes on Financial Statements

(o) Borrowing Cost:

Borrowing costs attributable to acquisition and construction of assets are capitalized as part of the cost of such asset up to the date when such asset is ready for its intended use. Borrowing costs attributable to 'Maturation stocks' has been considered for valuation of Work In Progress, as these stocks require a substantial period of time to bring them to saleable condition. Other Borrowing Costs are treated as revenue expenditure.

(p) Segment Reporting:

The company has considered business segment as reporting segment and accordingly identified Liquor, Glass, Contract, Systems and Realty as reporting business segments. Secondary segmental reporting is performed on the basis of the geographical location of the customers and accordingly segmental revenue is reported as revenue from India and from outside India.

(q) Related Party Transactions:

The related party transactions have been classified under the heads Subsidiary, Key Management Personnel, relatives of Key Management Personnel and Entities over which Key Management Personnel and / or their relatives are able to exercise significant influence.

(r) Lease:

- Finance Lease Payments are apportioned between Finance Charges and reduction of lease liability as per the relevant agreements.
- Operating Lease payments are recognized in the Statement of Profit and Loss over the lease term.

(s) Earning per Share:

- Basic earning per share has been computed with reference to Weighted Average number of Shares outstanding at monthly rests.
- Diluted Earnings per share has been computed based on the basic earnings adjusted for all dilutive potential equity shares.

(t) Accounting for Taxes on Income:

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income-tax reflects the impact of timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the Tax Laws and rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized on brought forward unabsorbed depreciation and brought forward losses only if there is a virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. Deferred tax asset of earlier years is reassessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which, such deferred tax assets can be realized.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Significant Accounting Policies and Notes on Financial Statements

Deferred tax asset and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by same governing taxation laws.

Minimum Alternate Tax (MAT) Credit recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

(u) Impairment of Asset:

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which the asset is identified as impaired, unless the asset is carried at revalued amount, in which case any impairment loss of a revalued asset is treated as a decrease in Revaluation Reserve. The impairment Loss recognized in prior accounting periods is reversed if there has been an increase in the estimate of recoverable value.

(v) Provision , Contingent Liabilities and Contingent Assets:

- A present obligation, as a result of past events which could be reliably estimated, is provided in the accounts, if it is probable that there will be an outflow of resources.
- Contingent liabilities are not recognized, but are disclosed at their estimated value by way of notes in the Financial Statements.
- Contingent Assets are neither recognized nor disclosed in the financial statements.

(w) Trade Receivables and Loans & Advances:

Trade receivables and Loans and Advances are stated after making adequate provision for those doubtful of recovery.

(x) Expenditure:

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

(y) Excise Duty:

Excise duty recovered is included in the sale of products. Excise duty paid on dispatches and in respect of finished goods lying at factory premises are shown separately as an item of excise duty in the Profit and Loss account and included in the valuation of Finished Goods.

Significant Accounting Policies and Notes on Financial Statements
Rs in Thousands

26 Previous year figures have been re-grouped/ re-arranged wherever necessary to conform to the current year's presentation.

27 Contingent Liabilities

S.No.	Particulars	2015-16	2014-15
1.	Claims against the company not acknowledged as debts	16,916	16,916
2.	Disputed Income Tax not provided for	7,752	20,836

28 A special resolution u/s 100 of the Companies Act 1956 approving the reduction of paid up share capital of the Company held by Public shareholders to the extent of 3,931,042 shares at Rs 75/- per share amounting to Rs 294,828 was passed at the AGM held on 30th December 2013. The Hon'ble Karnataka High Court, on 7th August, 2014 passed an order confirming the special resolution passed by the Company in the said AGM. A certificate of reduction of Capital was issued by the said ROC dated 12th September, 2014 and the MCA records have been updated, incorporating the Reduction of Capital.

The Company has made requisite entries in the books of accounts giving effect to the Reduction of Capital by reducing its Share Capital, Reserves/Securities Premium and creating a liability towards the equity share holders under the head "Liability to Equity Share Holders" and a fixed deposit to the tune of Rs 295,000 has been placed with Punjab National Bank for settlement of this liability. The Company has also obtained a legal opinion for the same and considers the liability to be a subsisting liability.

An application filed by SEBI for impleadment in the proceedings and recalling the order of Reduction of Capital was rejected by the Hon'ble High Court of Karnataka. SEBI has filed an appeal and the matter is pending before the concerned forum.

The Company has made consistent and repeated attempts to implement the Court's Order by fixing the record date first on 29th September, 2014 and subsequently on 10th October, 2014, 7th December, 2014, 7th April, 2015, 22nd June, 2015 and 13th October, 2015 for the purpose of drawing up the list of Public Shareholders entitled to payment in respect of the shares so cancelled, but the same has not been acted upon by BSE Limited.

29 Exceptional items represent payment of Rs NIL (PY Rs 25,668) paid as litigation settlement to two parties.

30 CIF Value Of Imports

Particulars	2015-16	2014-15
Raw Materials	32,836	52,557
Capital Goods	-	27,191

31 Consumption of Imported and Indigenous Materials And Components

Particulars	2015-16		2014-15	
	In %	In Value	In %	In Value
Imported	6.14%	50,056	4.49%	41,578
Indigenous	93.86%	764,843	95.51%	886,137
Total Materials Consumed		814,899		927,715

Significant Accounting Policies and Notes on Financial Statements
Rs in Thousands
32 Expenditure In Foreign Currency

Particulars	2015-16	2014-15
For Travel	274	2,346
For Consulting Services	11,380	-
For Others	826	-

33 Earnings In Foreign Currency

Particulars	2015-16	2014-15
FOB Value of Exports	1,244	4,393

34 Employee Benefits

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to defined contribution plan recognized as expense for the year.

PARTICULARS	2015-16	2014-15
Employer's Contribution to Provident Fund	7,452	6,261

Defined Benefit Plan

In case of Gratuity, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity. In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of post employment benefits is recognized in the Profit & Loss A/c and Balance Sheet as under:

A. Changes in the present value of the obligations

Particulars	2015-16		2014-15	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of defined benefit obligation	31,994	1,968	30,842	1,899
Interest Cost	2,559	157	2,467	152
Current service cost	640	39	617	38
Add / (Less)				
Benefits Paid	(8811)	(827)	(6,798)	(211)
Actuarial loss/ (gain) on obligations	(2912)	167	4,865	90
Present value of defined benefit obligation	23,471	1,505	31,994	1,968

Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

B. Amount recognized in Balance Sheet

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Present value of defined benefit obligation	23,471	1,505	31,994	1,968
Add / (Less)				
Unrecognized past service cost	-	-	-	-
Unrecognized transitional liability	-	-	-	-
Unfunded net liability / (asset) recognized in Balance Sheet	23,471	1,505	31,994	1,968
Present value of defined benefit obligation	23,471	1,505	31,994	1,968
Breakup of accrued liability				
Non Current Liability	23,471	1,505	31,994	1,968

C. Expenses recognized in the Profit & Loss Statement

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Current service cost	640	39	617	38
Interest cost	2,559	157	2,467	152
Add / (Less)				
Net Actuarial loss/(gain) recognized in the year	(2,912)	167	4,865	90
Net benefit expense	287	363	7,949	280

D. Principal Actuarial assumption at the Balance sheet date

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Discount rate	8%	8%	8%	8%
Rate of escalation in salary	4%	4%	5%	5%
Mortality rate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 Ultimate
Expected Average Remaining working lives of Employees	15	15	15	15
Method used	PUCM	PUCM	PUCM	PUCM
Date of Actuarial Report	3 rd May 2016	3 rd May 2016	22 nd April 2015	22 nd April 2015

35 Segment Reporting

INFORMATION ABOUT BUSINESS SEGMENT																
BUSINESS SEGMENT	LIQUOR		GLASS		CONTRACT		SYSTEMS		REALTY		OTHERS		ELIMINATIONS		CONSOLIDATED TOTAL	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
External Sales - Net Sales	5,207,594	5,145,574	-	-	-	-	-	-	407,876	-	38,877	30,328	-	-	5,654,347	5,175,902
Less : Inter-Segment Sales	-	-	-	-	-	-	-	-	-	-	-	-	7,730	6,917	7,730	6,917
Segment Revenue	5,207,594	5,145,574							407,876		38,877	30,328	7,730	6,917	5,646,616	5,168,985
RESULT																
Segment Result	(180,324)	(186,644)	(7,249)	(7,661)	(735)	(310)	(20,266)	(56,540)	382,576	-	(147)	(1,632)	-	-	173,855	(252,787)
Impairment of Asset																
Unallocated Expense															(1,699)	(1,608)
Operating Profit															172,156	(254,395)
Interest Expenses															(156,666)	(59,518)
Interest Income															16,432	1,054
Income tax Expenses																
Profit from ordinary activities															31,921	(312,859)
Exceptional Items	-	1,500					-	24,168								25,668
Income tax related to earlier years															(101)	(72)
Prior Period Items																(346)
NET PROFIT															31,820	(338,945)
SEGMENT ASSET AND LIABILITIES																
Segment Assets	2,358,285	2,405,232	7,870	7,876	1,026	665,533	102,503	114,047	382,576	-	26,467	28,650	639,490	749,423	2,239,238	2,471,915
Unallocated assets															932,995	634,513
Total Assets	2,358,285	2,405,232	7,870	7,876	1,026	665,533	102,503	114,047	382,576		26,467	28,650	639,490	749,423	3,172,233	3,106,428
Segment Liabilities	3,248,656	3,127,386	15,462	47,644	1,760	-	122,823	278,898			7,057	7,205	639,490	749,423	2,756,268	2,711,710
Unallocated Liabilities															139,448	150,021
Total Liabilities	3,248,656	3,127,386	15,462	47,644	1,760	-	122,823	278,898			7,057	7,205	639,490	749,423	2,895,717	2,861,731
OTHER INFORMATION																
Capital Expenditure	30,152	131,426					394	246							30,546	131,672
Depreciation	63,855	67,681	100	786	248	310	11,700	45,224			371	776			76,274	114,777

INFORMATION ABOUT GEOGRAPHICAL SEGMENTS

Secondary segmental reporting is performed on the basis of the geographical location of the customers. The operations of the company comprise of indigenous sales and export sales. The company operates in two geographical areas namely "In India" and "Outside India"

(Rs. In Thousands)

GEOGRAPHICAL SEGMENT	SECONDARY SEGMENT REPORTING						
	INDIA		REST OF THE WORLD			TOTAL	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	
Segment Revenue	5,645,372	5,164,592	1,244.00	4,393	5,646,616	5,168,985	
Segments Assets	2,239,238	2,471,915	-	-	2,239,238	2,471,915	
Capital Expenditure	30,546	131,672	-	-	30,546	131,672	

Significant Accounting Policies and Notes on Financial Statements**Rs in Thousands****36 Related Party Disclosures**

The List of related parties as identified by the Management is as under

Wholly owned Subsidiary

1. Khoday Properties Private Limited

Key Management Personnel

1. K L Srihari (Managing Director)
2. K L A Padmanabhasha (Joint Managing Director)
3. K L Swamy (Executive Director)
4. K H Gurunath (KMP of Subsidiary)
5. K P Ghanshyam (KMP of Subsidiary)
6. K S Brijimohan (KMP of Subsidiary)
7. K S Giridhar (KMP of Subsidiary)

Relatives of Key Management Personnel

1. K L Ramachandra (Non Executive Chairman)
2. K R Nithyanand (Non Executive Director)
3. K H Radheshyam
4. K.H. Srinivas
5. K R Dayanand

Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence

1. K L Ramachandra – HUF
2. K L A Padmanabhasha – HUF
3. K L Srihari – HUF
4. K L Swamy – HUF
5. Acqua Borewells Private Limited
6. Blendwell bottlers Private Limited
7. Cassonava Distilleries Private Limited
8. Coconut Groves & Holiday Resorts Pvt Limited
9. Daatha Builders Private Limited
10. Elkay Farm
11. Elkay Tradings Corporation Private Limited
12. Five Brothers Marketing Private Limited
13. Forest Resort (Bandipur) Limited
14. Gayathri Foundation
15. Gayathri Holdings Private Limited
16. Hercules Construction Company Pvt Limited
17. Honeywell Business Private Limited
18. Ingo Property Developers Private Limited
19. Jay Pee Shoes Private Limited
20. K Lakshmana & Company
21. Kankapura Trading Private Limited
22. Khoday Brothers
23. Khoday's Breweries Limited
24. Khoday Business Private Limited
25. Khoday Control Systems Private Limited
26. Khoday Eshawarsa and Sons
27. Khoday Hotels Private Limited
28. Khoday Industires (Kuppam) Private Limited
29. Khoday Industries (Hyderabad) Private Limited
30. Khoday Industries Pvt Limited

Significant Accounting Policies and Notes on Financial Statements**Rs in Thousands**

31. Khodays Brothers International Limited
32. Khodays Technologies Limited
33. Kilara Power Limited
34. L.K Polyfibre Limited
35. L.K Power Corporation Limited
36. L.K Trust
37. Lakshmi Estate
38. Macdonald Tradings Private Limited
39. Mc Donald Distilleries Private Limited
40. National Distilleries Limited
41. North India Distillers Private Limited
42. Panchaganga Tradings Private Limited
43. Panchakalyani Tradings Private Limited
44. Parsan Holiday Resorts Private Limited
45. Peterscot Tradings Private Limited
46. Ram Mohan & Company Private Limited
47. Ransh Coffee Estate
48. River Resorts Limited
49. Saraswathi Estate
50. Spring Borewells Company Private Limited
51. Sri Gurunath Tradings Private Limited
52. Sri Narmada Distilleries Private Limited
53. Surya Watch Industries Private Limited
54. The Distillers Company Private Limited
55. Thiruvonam Wines
56. Regit Estates Limited (formerly Tiger Breweries Limited)
57. Trishul Wineries & Distilleries Private Limited
58. United Glass Bottles Manufacturing Company Limited
59. Universal Business Concepts Private Limited
60. Universal Trading Company
61. Vaishnavi Communications Private Limited
62. Vindhya Distilleries
63. Vyjayanthi Tradings Private Limited
64. Wesco Power Generation Limited
65. West India Distilleries Private Limited

Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

Particulars	2015-16				2014-15			
	Wholly Owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence	Wholly Owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence
A. Income								
Sales	-	-	-	13,705	-	-	-	17,318
Rent received	-	-	-	450	-	-	-	-
B. Expenses								
Purchase of Goods / Services	-	-	-	354	-	-	-	1,574
Leasing arrangement / Rent paid	-	360	360	2,584	-	360	360	3,073
Traveling, Sales promotion and others	-	-	-	1,093	-	-	-	2,523
Purchase of Fixed Assets	-	-	-	-	-	-	-	3,303
Closing Balance	-	1,203,390 (Cr)	-	123,626 (Dr)	-	1,068,259 (Cr)	-	109,719 (Dr)
C. Investment in								
Subsidiary	500	-	-	-	500	-	-	-
Partnership firm	-	-	-	610,742	-	-	-	611,772
Companies	-	-	-	480	-	-	-	480
D. Others								
Guarantee and Collateral obtained*	-	31,430	-	904,166	-	24,496	-	1,014,710

*- includes Personal guarantee obtained from entities over which key management personnel are able to exercise significant influence, Key management Personnel and their related parties.

NOTE: No Amount has been written back or written off during the year in respect of amounts due to or from related parties.

Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

Particulars	2015-16				2014-15			
	Wholly owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence	Wholly owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management Personnel and/or their relatives are able to exercise significant influence
A. Income								
Sales								
- Cassonava Distilleries Private Limited	-	-	-	6,116	-	-	-	8,192
- Khoday Breweries Ltd	-	-	-	6,971	-	-	-	8,666
- Khoday Industries Pvt Ltd	-	-	-	618	-	-	-	460
Sub-total	-	-	-	13,705	-	-	-	17,318
Rent received								
- Khoday Breweries Ltd	-	-	-	450	-	-	-	-
Sub-total	-	-	-	450	-	-	-	-
B. Expenses								
Purchase of Goods / Services								
- Khoday Breweries Ltd	-	-	-	-	-	-	-	1,192
- Khoday Control Systems Pvt Ltd	-	-	-	354	-	-	-	378
- K Lakshmana & Company	-	-	-	-	-	-	-	4
Sub-total	-	-	-	354	-	-	-	1,574
Leasing arrangement / Rent paid								
- L.K.Trust	-	-	-	1,155	-	-	-	1,139
- Khoday Breweries Ltd	-	-	-	169	-	-	-	674
- Blendwell Bottlers Pvt Ltd	-	-	-	900	-	-	-	900
- K S Giridhar	-	90	-	-	-	-	90	-
- K R Nithyanand	-	-	-	-	-	90	-	90
- K H Gurunath	-	90	-	-	-	-	-	-

Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

Particulars	2015-16				2014-15			
	Wholly owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management and/or their relatives are able to exercise significant influence	Wholly owned Subsidiary	Key Management Personnel	Relatives of Key Management personnel	Entities over which Key Management and/or their relatives are able to exercise significant influence
Closing Balance	-	1,203,390 (Cr)	-	123,626 (Dr)	-	1,068,259 (Cr)	-	109,719 (Dr)
C. Investment in								
Wholly owned Subsidiary - Khoday Properties Pvt Ltd.	500	-	-	-	500	-	-	-
Partnership firm - Lakshmi Estate	-	-	-	610,742	-	-	-	611,772
Companies - Khoday Industries Private Limited	-	-	-	480	-	-	-	480
D. Others								
Guarantee and Collateral obtained*	-	31,430		904,166	-	24,496	-	1,014,710

*- includes Personal guarantee obtained from entities over which key management personnel are able to exercise significant influence, Key management Personnel and their related parties.

NOTE: No Amount has been written back or written off during the year in respect of amounts due to or from related parties.

Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

37 Leases

The Company has taken certain assets on operating lease and certain assets on Finance Lease. The amounts of further minimal lease payments are stated below:

Particulars	2015-16	2014-15
Operating Lease:		
Less than 1 year	900	1,574
Later than 1 year & not later than 5 years	NIL	NIL
Later than 5 years	NIL	NIL
Finance Lease:		
Less than 1 year	18,991	20,463
Later than 1 year & not later than 5 years	15,949	25,482
Later than 5 years	NIL	NIL

38 Earnings Per Share

Particulars		2015-16	2014-15
Profit/(Loss) after Taxation as per Profit and Loss Account	A	31,820	(338,945)
Weighted Average Number of Equity Shares (In Nos in '000)	B	33,660	35,437
Earnings per Share - Basic (in Rs.) {A/B}		0.95	(9.56)
Earnings per Share - Diluted (in Rs.) {A/B}		0.95	(9.56)
Face Value per Share (in Rs.)		10.00	10.00

The above calculated EPS has been made out based on the reduced Capital of the Parent Company pursuant to the scheme of Capital Reduction.

39 Deferred Tax

In accordance with the Accounting Standard - 22 "Accounting for Taxes on Income" the company reviewed the deferred tax assets and liabilities. As a measure of prudence, this net deferred tax asset has not been recognized in the financial statement. The details are as below:-

Particulars		2015-16	2014-15
Deferred Tax - Liabilities:			
On Depreciation differences		-	-
On Prepaid license fee		33,495	31,392
TOTAL	A	33,495	31,392
Deferred Tax - Assets			
On Depreciation differences		18,813	15,383
On Employees Benefits		21,074	22,832
On unabsorbed tax losses and depreciation		122,510	143,841
TOTAL	B	162,397	182,056
Net Deferred Tax Liabilities / (Assets) [A - B]		(128,902)	(150,664)

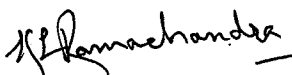
Significant Accounting Policies and Notes on Financial Statements

Rs in Thousands

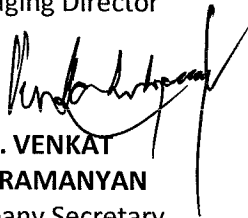
40 Payments made to Directors

Particulars	2015-16	2014-15
Directors' sitting fees	85	87
Managerial Remuneration	*	*
* Remuneration to Managerial Personnel has not been provided		

- 41** Fixed Assets includes a building with a WDV of Rs. 9,829 (Previous Year: Rs. 10,330) the title of which is under dispute before the Debt Recovery Tribunal. Pending resolution of this dispute, the company continues to reckon the Building as an asset in its financial statement.
- 42** Certain confirmation of balances for Trade Payables (Current and Non-Current), Trade Deposits and Advances, Capital Advances, Deposits, Other Loans & Advances and Trade Receivables are awaited. The accounts' reconciliations of some parties where confirmation have been received are in progress. Adjustments for differences, if any, arising out of such confirmations/ reconciliations would be made in the accounts on receipt of such confirmations and reconciliations thereof. The Management is of the opinion that the impact of adjustments, if any, is not likely to be significant. In the opinion of the Management all current assets, loans and advances including advances in capital accounts would be realized at the values at which these are stated in the accounts, in the ordinary course of business.

For and on Behalf of the Board**K. L. RAMACHANDRA**

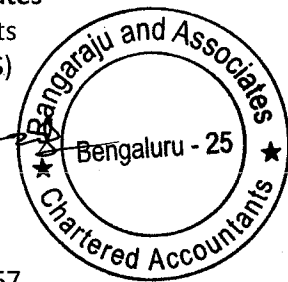
Chairman

K. L. SRIHARIVice - Chairman &
Managing Director**R. VENKAT
SUBRAMANYAN**

Company Secretary

**As per our report of even date
for Rangaraju & Associates**Chartered Accountants
(Firm Regn No: 6912S)Krishnan Rangaraju
(Partner)

Membership No. 18457

Place: Bangalore
Date : 28.05.2016

KHODAY INDIA LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	[Rupees in thousands]	
	2015-16	2014-15
A. Cash flow from Operating Activities		
Net Profit Before Tax	31,921	(338,526)
Adjusted for:		
Depreciation	76,274	114,777
Interest Income	-16,432	(1,054)
Dividend Income	-48	(52)
Interest & Bank Charges	201,786	212,766
Sundry Credit balance written back	-9,310	(3,446)
Irrecoverable advances and Bad debts written off	27,359	841
Profit on redemption of mutual fund	-275	-
Loss from Lakshmi Estate (Partnership Firm)	1,030	920
Operating Profit Before Working Capital Changes	312,305	-13,774
Adjusted for:		
Trade and other Receivables	33,855	(63,606)
Inventories	220,237	17,920
Trade and other payables	29,121	(581,372)
Cash Generated from operations	595,518	-640,833
Net prior year adjustments	0	(346)
Taxes paid (including TDS receivable)	-5,832	(72)
Net Cash from / (Used in) Operating Activities [A]	589,686	-641,251
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	-30,546	(131,672)
Movement in Investment	1,719	(1,207)
Interest Income (Gross)	16,432	1,054
Dividend Income	48	52
Profit on redemption of mutual fund	275	-
Net Cash from / (Used in) Investing Activities [B]	-12,072	-131,773
C. Cash flow from Financial Activities		
Proceeds from Borrowings	209,710	997,740
Repayment of Borrowings	-195,536	-
Interest & Bank Charges	-201,785	(212,766)
Net Cash flow from/(Used in) Financing Activities [C]	-187,611	784,975
Net Cash Flows during the year {A+B+C}	390,003	11,951
Cash & Cash Equivalent(Opening Balance)	55,439	43,488
Cash & Cash Equivalent (Closing Balance)	445,442	55,439

Ramachandra

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