

# *Khoday India Limited*

**DISTILLERS, BREWERS & MALTSTERS**

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

28.05.2016

CIN : L85110KA1965PLC001590

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

Kind Attn.: Manager, DCS

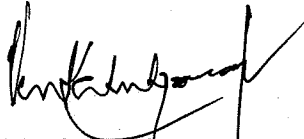
Dear Sir,

Sub:- Compliance under Regulation 33(3)(d) of SEBI (LO & DR) Regulations 2015

In compliance with Regulation 33(3)(d) of SEBI (LO & DR) Regulations 2015, we forward herewith the Form A in respect of Independent Auditors' Report on the Financial Statements of the Company for the year ended 31<sup>st</sup> March 2016 together with the authenticated consolidated audited financial results of the Company for the year ended 31<sup>st</sup> March 2016.

Thanking You.

Yours faithfully,  
For Khoday India Limited


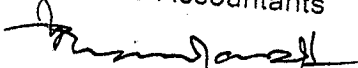
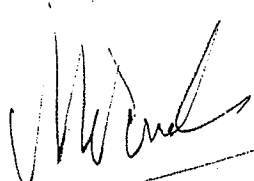


(R.Venkat subramanyan)  
Company Secretary

Encl: As above.

# FORM A

Format of covering letter of the Annual audit report to be filed with the stock exchanges

1.	Name of the Company	Khoday India Limited BSE Stock code: 507435
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2016
3.	Type of Audit observation	Un Modified opinion on the financial statements for the year ended 31-03-2016. Emphasis of Matter with regard to the reduction of capital undertaken by the Company u/s 100 of the Companies Act, 1956 and confirmed by the Hon'ble High Court of Karnataka at Bangalore vide its Order dated 07-08-2014, in COP 132/2014.
4.	Frequency of observation	The Emphasis of matter as above has been made for the second successive financial year.
5.	To be signed by -	<p><b>For Khoday India Limited</b></p>  <p>(K.L. Srihari) Vice-Chairman &amp; Managing Director</p> <p><b>For RANGARAJU AND ASSOCIATES</b> Chartered Accountants</p>  <p>(KRISHNAN RANGARAJU) Partner</p> <p>MEMBERSHIP No. - 018457</p>  <p>Maj. Gen. (Retd) M.K. Paul Chairman of Audit Committee of Directors of the Company</p>

**KHODAY INDIA LIMITED**

Regd. Office : "Brewery House", 7th Mile, Kanakapura Road , Bangalore - 560 062

**AUDITED CONSOLIDATED FINANCIAL RESULTS**
**FOR THREE MONTHS \ YEAR ENDED 31 ST MARCH 2016**

(Rs In Lakhs)

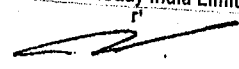
SL. NO.	PARTICULARS	Quarter Ended			Year Ended	
		31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
		[Audited]	[Unaudited]	[Audited]	[Audited]	
1	<b>Income From Operations</b>					
	a) Net Sales / Income From Operations ( Net of Excise duty)	3,805.76	4,529.19	4,430.34	19,728.36	15,711.59
	b) Other operating income	62.14	80.65	54.09	311.47	234.11
	<b>Total Income from Opreations ( Net )</b>	<b>3,867.90</b>	<b>4,609.84</b>	<b>4,484.43</b>	<b>20,039.83</b>	<b>15,945.70</b>
2	<b>EXPENSES</b>					
	a) Cost of Materials consumed	2,057.16	2,003.82	2,156.30	8,148.99	9,277.15
	b) Purchases of stock-in-trade	-	-	-	-	-
	c) Changes in inventories of finished goods , work -in-progress and stock-in-trade	711.96	480.15	1,420.71	2,257.76	396.17
	d) Employee benefits expense	499.94	451.13	467.94	1,880.23	1,776.61
	e) Depreciation and amortisation expense	197.49	194.63	572.28	762.75	1,147.77
	f) Other Expenses	1,371.53	1,235.52	1,253.24	4,924.32	4,410.58
	<b>Total Expenses ( sum of (a) to (f) )</b>	<b>4,838.07</b>	<b>4,365.25</b>	<b>5,870.47</b>	<b>17,974.05</b>	<b>17,002.28</b>
3	<b>Profit from Operations before Other income , finance cost and Exceptional Items ( 1-2 )</b>	<b>(970.17)</b>	<b>244.59</b>	<b>(1,386.04)</b>	<b>2,065.78</b>	<b>(1,056.58)</b>
4	<b>Other Income</b>	<b>158.08</b>	<b>97.50</b>	<b>40.74</b>	<b>271.28</b>	<b>55.65</b>
5	<b>Profit from ordinary activities before finance costs and Exceptional Items ( 3+4 )</b>	<b>(812.09)</b>	<b>342.09</b>	<b>(1,345.30)</b>	<b>2,337.06</b>	<b>(1,000.93)</b>
6	<b>Finance Costs</b>	<b>484.31</b>	<b>534.05</b>	<b>566.00</b>	<b>2,017.85</b>	<b>2,127.66</b>
7	<b>Profit from ordinary activities after finance costs but Exceptional Items ( 3+4 )</b>	<b>(1,296.40)</b>	<b>(191.96)</b>	<b>(1,911.30)</b>	<b>319.21</b>	<b>(3,128.59)</b>
8	<b>Exceptional items</b>	<b>-</b>	<b>-</b>	<b>15.00</b>	<b>-</b>	<b>256.68</b>
9	<b>Profit (+) / Loss (-) from Ordinary Activities before tax</b>	<b>(1,296.40)</b>	<b>(191.96)</b>	<b>(1,926.30)</b>	<b>319.21</b>	<b>(3,385.27)</b>
10	<b>Tax Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.01</b>	<b>0.72</b>
11	<b>Profit (+) / Loss (-) from Ordinary Activities after tax</b>	<b>(1,296.40)</b>	<b>(191.96)</b>	<b>(1,926.30)</b>	<b>318.20</b>	<b>(3,385.99)</b>
12	<b>Extraordinary Items</b>	<b>-</b>	<b>-</b>	<b>3.46</b>	<b>-</b>	<b>3.46</b>
13	<b>Net Profit (+) / Loss (-) for the Period</b>	<b>(1,296.40)</b>	<b>(191.96)</b>	<b>(1,929.76)</b>	<b>318.20</b>	<b>(3,389.45)</b>
14	<b>Share of profit of associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
15	<b>Minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
16	<b>Profit (+) / Loss (-) after taxes, minority interest and Share of profit of associates</b>	<b>(1,296.40)</b>	<b>(191.96)</b>	<b>(1,929.76)</b>	<b>318.20</b>	<b>(3,389.45)</b>
17	<b>Paid-up Equity Share Capital (Face Value Rs.10/- per Share)</b>	<b>3,366.01</b>	<b>3,366.01</b>	<b>3,366.01</b>	<b>3,366.01</b>	<b>3,366.01</b>
18	<b>Reserves excluding revaluation reserves.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,708.45)</b>	<b>(2,026.65)</b>
19.i	<b>Earning per share before extraordinary items (of Rs 10/-each ) (Not annualised) Basic &amp; Diluted - In Rupees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.95</b>	<b>(9.56)</b>
19.ii	<b>Earning per share before extraordinary items (of Rs 10/-each ) (Not annualised) Basic &amp; Diluted - In Rupees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.95</b>	<b>(9.56)</b>
A	<b>PARTICULARS OF SHAREHOLDING</b>					
1	<b>Public Shareholding</b>					
	a) No.of shares	-	-	-	-	-
	b) % of Holdings (to total shareholding)	-	-	-	-	-
2	<b>Promoters and Promoter Group Shareholdings</b>					
	a) Pledged \ Encumbered					
	- Number of Shares	Nil	Nil	Nil	Nil	Nil
	- Percentage of Share out of the Promoters' Holdings	Nil	Nil	Nil	Nil	Nil
	- Percentage of Share of the out of total Share Capital	Nil	Nil	Nil	Nil	Nil
	b) Non- Encumbered					
	- Number of Shares	33,660,195	33,660,195	33,660,195	33,660,195	33,660,195
	- Percentage of Share out of the Promoters' Holdings	100%	100%	100%	100%	100%
	- Percentage of Share of the out of total Share Capital of the Company	100%	100%	100%	100%	100%

	Quarter ended 31st March 2016
Pending at the beginning of the quarter	
Received during the quarter	NIL
Disposed of during the quarter	NIL
Remaining unresolved at the end of the quarter	NIL

**NOTE:**

- 1 Sales excludes Excise Duty , Sales Tax and Tax Collected at source.
- 2 The above results after being reviewed by the Audit Committee were approved and taken on record by the Board of Directors at its Meeting held on 28.05.2016
- 3 (i) 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 cancelling 39,31,042 shares held by the public Under Section 100 read with Section 101 to 105 of the Companies Act,1956. The Procedure formulated by the Company for payment to the public shareholders @ Rs.10/- towards return of capital and Rs.65/- towards premium, thus aggregating to Rs.75/- per share has also been approved in the aforesaid order.  
(ii) Upon registration of the said Order by the Registrar of Companies in Karnataka, Bangalore, vide Certificate dated 12.09. 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 and the Company's audited financial statement for the quarter and year ended 31st March 2016 has accordingly been prepared based on legal advice in that regard.  
(iii) The Company has already deposited the entire aggregate amount of Rs.29,48,28,150/- payable to public shareholders, consequent on reduction of capital , in a special account opened with Punjab National Bank . Large Corporate Branch . Bangalore , to facilitate payment through cash warrants.  
(iv) The Company has made consistent and repeated attempts 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 and 22-06-2015 for the purpose of drawing up the list of public shareholders entitled to payment in respect of the shares so cancelled , have not been accepted and acted upon by BSE Limited reportedly at the instance of SEBI.  
(v) In the meanwhile, the multiple applications filed by SEBI before the Hon'ble High Court of Karnataka for impleading itself in COP 132/2014 and recall of the Court Order dated 07-08-2014 were dismissed by the Hon'ble Court vide its Order dated 21-09-2015, thus effectively upholding the earlier Order dated 07-08-2014, vide which the reduction of capital to the extent of entire public shareholding and the procedure formulated by the Company for the purpose were approved.  
(vi) Even the 6th attempt made by the Company to effect payment to its erstwhile public shareholders by fixing the Record Date on 13-10-2015, in the light of the Court Order dated 21-09-2015, was not responded to at all by BSE Limited.
- 4 The figures of quarter ended 31st March 2016 are the balancing figures between the audited figures in respect of the full financial year and year to date figures published up to 3rd quarter ended 31st December 2015 of the current financial year 2015-16.
- 5 The Above consolidated financial statement prepared in compliance with Clause 41 (I) (e) of the Listing Agreement with the Stock Exchanges, includes the result of the company's sole subsidiary M/s Khoday Properties Pvt Ltd
- 6 Figures for the previous periods have been re-grouped , wherever necessary , to conform to the current period's classification

By order of the Board  
For Khoday India Limited

  
K. L. SRIHARI  
Vice Chairman & Managing Director

Place: Bangalore  
Date : 28.05.2016

**CONSOLIDATED SEGMENTWISE REVENUE, RESULT AND CAPITAL EMPLOYED:****[Rs. In Lacs]**

Sl. No.	PARTICULARS	Quarter Ended			Year Ended	Year Ended
		31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015
		[Audited]	[Unaudited]	[Audited]	[Audited]	
1	<b>Segment Revenue (Net Sale / Income)</b>					
	<b>Domestic</b>					
	a. Liquor	3,805.76	4,529.19	4,430.34	15,649.60	15,711.59
	b. Glass	-	-	-	-	-
	c. Contract	-	-	-	-	-
	d. Systems	-	-	-	-	-
	e. Realty	-	-	-	-	-
	f. Others	-	-	-	4,078.76	-
	<b>Total ...</b>	68.72	144.22	84.21	388.77	303.28
	<b>Less: Inter segment revenue</b>	3,874.48	4,673.41	4,514.55	20,117.13	16,014.87
	<b>Net Sales / Income from operations</b>	6.58	63.57	30.12	77.30	69.17
		3,867.90	4,609.84	4,484.43	20,039.83	15,945.70
2	<b>Segment Results</b>					
	<b>Profit(+) / (Loss) (-) before tax &amp; interest from each segment.</b>					
	a. Liquor	(224.84)	74.48	(1,367.39)	(1,779.61)	(1,866.44)
	b. Glass	(23.30)	(18.20)	(21.19)	(72.12)	(76.61)
	c. Contract	(5.49)	(0.62)	(0.99)	(7.35)	(3.10)
	d. Systems	(54.39)	(54.38)	(324.79)	(202.54)	(565.40)
	e. Realty	-	-	-	3,825.76	-
	f. Others	0.94	(0.57)	(7.49)	(1.58)	(16.32)
	<b>Total ...</b>	(307.08)	0.71	(1,721.85)	1,762.56	(2,527.87)
	<b>Less : Other Un-allocable income net off unallocable Expense</b>	16.88	-	-	16.88	16.08
	<b>Operating Profit</b>	(323.96)	0.71	(1,721.85)	1,745.68	(2,543.95)
	<b>Less : Exceptional items</b>	-	-	15.00	-	256.68
	<b>Less : (i) Interest Expenses net off interest income</b>	972.44	192.67	189.45	1,426.47	584.64
	<b>Profit(+) / (Loss) (-) before tax</b>	(1,296.40)	(191.96)	(1,926.30)	319.21	(3,385.27)
3	<b>Capital Employed</b>					
	<b>Segment Assets - Segment Liabilities</b>	<b>As on 31.03.2016</b>	<b>As on 31.12.2015</b>	<b>As on 31.03.2015</b>	<b>As on 31.03.2016</b>	<b>As on 31.03.2015</b>
	a. Liquor	(8,903.71)	(2,276.77)	(7,221.54)	(8,903.71)	(7,221.54)
	b. Glass	(75.92)	(446.50)	(397.68)	(75.92)	(397.68)
	c. Contract	(7.34)	6,653.14	6,655.33	(7.34)	6,655.33
	d. Systems	(203.20)	(1,796.66)	(1,648.51)	(203.20)	(1,648.51)
	e. Realty	3,825.76	3,825.76	-	3,825.76	-
	f. Others	70.57	211.93	214.45	70.57	214.45
	<b>Total ...</b>	(5,293.84)	6,170.90	(2,397.95)	(5,293.84)	(2,397.95)



# RANGARAJU AND ASSOCIATES

CHARTERED ACCOUNTANTS

AUDIT & TAXATION DIVISION

No. 503 & 504, 5th Floor,  
Brigade Towers, No. 135/37,  
Brigade Road, Bengaluru - 560 025

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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

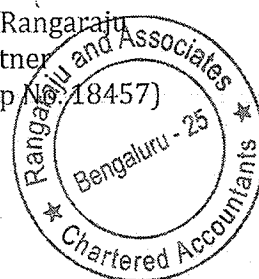
- (f) With respect to the adequacy of Internal Financial Control over Financial Reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure - A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 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:
- 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.
  - The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - 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**

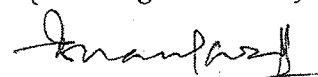
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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.6912S)



Krishnan Rangaraju

Partners & Associates  
(Membership No. 18457)  
