

Khoday India Limited

DISTILLERS, BREWERS & MALTSTERS

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

07.06.2017

CIN : L85110KA1965PLC001590

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

Kind Attn.: Manager, DCS

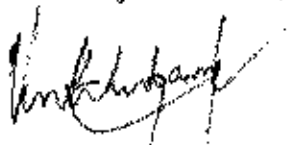
Dear Sir,

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 submit herewith the authenticated Statement of Audited Financial Results of the Company for the quarter and year ended 31-03-2017, together with the Statement of Assets and Liabilities as at the said date, Annual Report of Independent Auditors' and also Form A in respect of the said Report.

Thanking You.

Yours faithfully,
For Khoday India Limited



(R.Venkat subramanyan)
Company Secretary &
Chief Financial Officer



Encl: As above.

KHODAY INDIA LIMITED

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

AUDITED STANDALONE FINANCIAL RESULTS

FOR THREE MONTHS / YEAR ENDED 31ST MARCH 2017

(Rs in Lakhs)

SL. NO.	PARTICULARS	Quarter Ended			Year Ended	
		31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
		[Audited]	[Unaudited]	[Audited]	[Audited]	
1	Income From Operations					
a)	Net Sales / Income From Operations (Net of Excise duty)	3,774.48	3,908.93	3,805.76	14,387.39	18,728.36
b)	Other operating income	98.99	84.35	62.14	379.93	311.47
	Total Income from Operations (Net)	3,873.47	3,993.28	3,867.90	14,767.32	19,039.83
2	Expenses					
a)	Cost of Materials consumed	2,098.89	1,784.76	2,057.15	7,388.29	8,148.99
b)	Purchases of stock-in-trade	-	-	-	-	-
c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	358.88	650.82	711.95	1,256.98	2,257.76
d)	Employee benefits expense	497.86	461.22	499.84	1,857.98	1,886.23
e)	Depreciation and amortisation expense	168.06	174.26	197.40	673.65	762.75
f)	Other Expenses	933.11	1,120.54	1,371.28	4,101.04	4,924.07
	Total Expenses (sum of (a) to (f))	4,055.41	4,191.00	4,837.82	15,277.94	17,973.80
3	Profit from Operations before Other Income, finance cost and Exceptional Items (1-2)	(181.94)	(107.72)	(969.92)	(510.62)	2,066.03
4	Other Income	215.33	52.44	158.08	397.40	271.28
5	Profit from ordinary activities before finance costs and Exceptional Items (3+4)	33.39	(55.28)	(811.84)	(113.22)	2,337.31
6	Finance Costs	130.87	94.58	484.31	749.22	2,017.85
7	Profit from ordinary activities after finance costs but Exceptional Items (3+4)	(97.48)	(149.86)	(1,296.15)	(862.44)	319.46
8	Exceptional Items	-	-	-	-	-
9	Profit (+) / Loss (-) from Ordinary Activities before tax	(97.48)	(149.86)	(1,296.15)	(862.44)	319.46
10	Tax Expense	1.46	-	-	1.46	1.01
11	Profit (+) / Loss (-) from Ordinary Activities after tax	(98.94)	(149.86)	(1,296.15)	(863.90)	318.45
12	Extraordinary Items	-	-	-	-	-
13	Net Profit (+) / Loss (-) for the Period	(98.94)	(149.86)	(1,296.15)	(863.90)	318.45
14	Share of profit of associates	-	-	-	-	-
15	Minority interest	-	-	-	-	-
16	Profit (+) / Loss (-) after taxes, minority interest and Share of profit of associates	(98.94)	(149.86)	(1,296.15)	(863.90)	318.45
17	Paid-up Equity Share Capital (Face Value Rs. 10/- per Share)	3,366.01	3,366.01	3,366.01	3,366.01	3,366.01
18	Reserves excluding revaluation reserves	-	-	-	(2,542.04)	(1,678.14)
19.1	Earning per share before extraordinary items (of Rs 10/-each) (Not annualised)					
	Basic & Diluted - In Rupees	-	-	-	(2.57)	0.95
19.2	Earning per share before extraordinary items (of Rs 10/-each) (Not annualised)					
	Basic & Diluted - In Rupees	-	-	-	(2.57)	0.95
A	PARTICULARS OF SHAREHOLDING					
1	Public Shareholding					
a)	No. of shares	-	-	-	-	-
b)	% of Holdings (to total shareholding)	-	-	-	-	-
2	Promoters and Promoter Group Shareholdings					
a)	Pledged / Encumbered					
-	Number of Shares	N/A	N/A	N/A	N/A	N/A
-	Percentage of Share out of the Promoters' Holdings	N/A	N/A	N/A	N/A	N/A
-	Percentage of Share of the out of total Share Capital	N/A	N/A	N/A	N/A	N/A
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	100%	100%	100%	100%	100%



Quarter ended 31st March 2017	
Pending at the beginning of the quarter	Nil
Received during the quarter	Nil
Disposed of during the quarter	Nil
Remaining unreserved 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 07.06.2017
- 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. Accordingly, the entire paid-up share capital of the Company is presently held by its promoters and persons belonging to the promoter group. The Company's audited financial statement for the years 2014-15, 2015-16 as well as audited statements of results for the Quarter / Year ended 31.03.2017 have accordingly been prepared based on legal advice in that regard.
- (iii) The Company has already deposited the entire aggregate amount of Rs.29,50,00,000/- payable to erstwhile 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 persistent 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 erstwhile 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's 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.
- (vii) Even though, SEBI has subsequently filed an appeal against the Court Order dated 21-09-2015, and the same is pending adjudication, the said Order as well as the earlier Order dated 07-08-2014 are in force as orders-in-rem, to implement which the Company has filed two Applications in COP 132/2014 before the same Court, viz. one for impleading BSE Ltd in the said Company Petition and the other seeking direction from the Court to BSE Ltd to accept the fresh Record Date that may be fixed by the Company. At the hearing held on 01-06-2017, the Hon'ble Court has ordered issue of notice to BSE Ltd.
- 4 During the financial year, there was no business activities in the Company's sole and wholly owned subsidiary M/s. Khoday Properties Private Limited and the only accounting transaction was in respect of payment of audit fee and filing fee, hence only the statements of standalone financial results are being submitted.
- 5 The figures of quarter ended 31st March 2017 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 2016 of the current financial year 2016-17.
- 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. Ramachandra
K. L. RAMACHANDRA
Chairman



Place: Bangalore
Date : 07.06.2017

**STANDALONE SEGMENTWISE REVENUE, RESULT AND CAPITAL EMPLOYED:**

(Rs. in Lacs)

Sl. No.	PARTICULARS	Quarter Ended			Year Ended	Year Ended
		31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
		[Audited]	[Unaudited]	[Audited]	[Audited]	
1	Segment Revenue (Net Sale / Income)					
	Domestic					
	a. Liquor	3,774.48	3,908.93	3,809.76	14,387.39	15,649.80
	b. Glass	-	-	-	-	-
	c. Contract	-	-	-	-	-
	d. Systems	-	-	-	-	-
	e. Realty	-	-	-	-	4,076.76
	f. Others	106.85	91.01	68.72	406.31	388.77
	Total ...	3,881.33	3,999.94	3,878.48	14,793.70	20,117.13
	Less: Inter segment revenue	7.86	6.86	6.58	26.38	77.30
	Net Sales / Income from operations	3,873.47	3,993.08	3,871.90	14,767.32	20,039.83
2	Segment Results					
	Profit(+) / (Loss) (-) before tax & interest from each segment.					
	a. Liquor	(9.85)	7.98	(224.84)	(220.85)	(1,779.61)
	b. Glass	(14.08)	(10.75)	(23.30)	(65.82)	(72.12)
	c. Contract	-	-	(5.49)	-	(7.35)
	d. Systems	(43.39)	(45.12)	(54.39)	(170.43)	(202.54)
	e. Realty	-	-	-	-	3,825.76
	f. Others	(0.12)	(0.99)	1.19	(2.37)	(1.33)
	Total ...	(67.24)	(55.28)	(306.83)	(459.47)	1,762.81
	Less : Other Un-allocable income net off unallocable Exp	16.45	-	16.88	16.45	16.88
	Operating Profit	(83.69)	(55.28)	(329.71)	(475.92)	1,745.93
	Less : Exceptional items	-	-	-	-	-
	Less : (i) Interest Expenses net off interest income	13.79	94.58	972.44	388.52	1,426.47
	Profit(+) / (Loss) (-) before tax	(97.48)	(149.86)	(1,296.15)	(862.44)	319.46
3	Capital Employed	As on	As on	As on	As on	As on
		31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
	Segment Assets - Segment Liabilities					
	a. Liquor	(9,454.23)	(9,435.41)	(8,903.71)	(9,454.23)	(8,903.71)
	b. Glass	(142.20)	(162.76)	(75.92)	(142.20)	(75.92)
	c. Contract	-	(7.34)	(7.34)	-	(7.34)
	d. Systems	(387.82)	(425.19)	(203.20)	(387.82)	(203.20)
	e. Realty	3,825.76	3,825.76	3,825.76	3,825.76	3,825.76
	f. Others	191.33	67.06	70.57	191.33	70.57
	Total ...	(5,967.16)	(6,137.88)	(5,293.84)	(5,967.16)	(5,293.84)


K. Rameshchandra

KHODAY INDIA LIMITED

Regd. Office : "Brewery House"

7th Mile, Kanakapura Road, Bangalore - 560 062

AUDITED STANDALONE FINANCIAL STATEMENT

(Rs in Lakhs)

PARTICULARS	As at	As at
	31.03.2017	31.03.2016
	Year Ended	
	Audited	
A) EQUITY AND LIABILITIES		
1. Shareholder's Fund		
a. Share Capital	3,366.02	3,366.02
b. Reserves and Surplus	(1,434.44)	(570.55)
	1,931.58	2,795.47
2. Non - Current Liabilities		
a. Long Term Borrowings	20,817.72	13,899.88
b. Other Long - Term Liabilities	-	30.81
c. Long - Term Provisions	298.34	249.75
	21,116.06	13,980.22
3. Current Liabilities		
a. Short - Term Borrowings	384.91	6,933.19
b. Trade Payables	1,152.64	1,722.46
c. Other Current Liabilities	4,820.64	6,203.51
d. Short - Term Provisions	44.97	78.51
	6,403.16	14,937.67
TOTAL EQUITY AND LIABILITIES	29,450.80	31,713.36
B) ASSETS		
1. Non - Current Assets		
a. Fixed Assets	4,057.14	4,471.61
b. Non Current Investments	6,115.19	6,124.91
c. Long Term Loans and Advances	430.37	578.56
d. Other Non - Current Assets	116.75	114.97
	10,718.45	11,290.04
2. Current Assets		
a. Inventories	7,293.46	8,524.17
b. Trade Receivables	4,738.39	4,484.93
c. Cash and Cash Equivalents	4,501.32	4,448.62
d. Short Term Loans & Advances	1,946.40	2,590.04
e. Other Current Assets	251.78	375.36
	18,731.35	20,423.32
TOTAL ASSETS	29,450.80	31,713.36

For Khoday India Limited

*K. L. Ramachandra***K. L. RAMACHANDRA**
ChairmanPlace: Bangalore
Date : 07.06.2017



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 2224 9077 / 79
Fax : 91 80 2224 9076
e-mail : rangaraju.associates@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of

Khoday India Limited.

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Khoday India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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 Standalone 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 standalone 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 standalone financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2017;
- b) in the case of the Statement of Profit and Loss, of the loss 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 Reduction of Capital under Section 100 of the Companies Act, 1956 confirmed by the Hon'ble High Court of Karnataka and appeal 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 standalone 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, 2017, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2017, 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. 27, 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.
 - iv. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same were in accordance with the books of accounts maintained by the Company.

for RANGARAJU AND ASSOCIATES
CHARTERED ACCOUNTANTS


(KRISHNAN RANGARAJU)
PARTNER

Membership No. 018450
Firm No. 0069125



Place : Bangalore
Date : 07.06.2017

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. 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 (ii) (a), (ii) (b) and (ii) (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, 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.

(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, Income Tax and Entry Tax which have not been deposited/partially deposited under protest on account of dispute before the forum mentioned there against.

Name of the Statute	Nature of Dues & Related Period	Amount of Demand (Rs. In Thousands)	Amount Deposited under Dispute (Rs. In Thousands)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax for the AY 2014-15	549	-	Commissioner of Income Tax (Appeals)
Employees Provident Fund	FY 2006-07 and 2007-08	10,716	8,100	EPF Tribunal, New Delhi
Employees Provident Fund Damages	FY 2001 to FY 2013	4,002	1,002	EPF Appellate Tribunal, Bangalore

- 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 45-1A of the Reserve Bank of India Act, 1934.

for RANGARAJU AND ASSOCIATES
CHARTERED ACCOUNTANTS


(KRISHNAN RANGARAJU)

PARTNER

Membership No. 018457

Firm No. 0069125



Place : Bangalore
Date : 07.06.2017

**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, 2017 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, 2017, 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 AND ASSOCIATES
CHARTERED ACCOUNTANTS



(KRISHNAN RANGARAJU)

PARTNER

Membership No. 01845

Firm No. 006912S


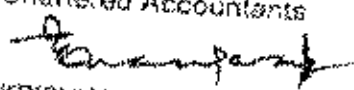



Place : Bangalore

Date : 07.06.2017

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 st March 2017
3.	Type of Audit observation	Un Modified opinion on the financial statements for the year ended 31-03-2017. Emphasis of Matter with regard to the reduction of capital undertaken by the Company w/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 third successive financial year.
5.	To be signed by --	<p>For Khoday India Limited</p> <p> (K.L. Swamy) Executive Director</p> <p>For RANGARAJU AND ASSOCIATES Chartered Accountants</p> <p> (KRISHNAN RANGARAJU) Partner</p> <p> Maj. Gen. (Retd.) M.K. Paul Chairman of Audit Committee of Directors of the Company</p>

