

Company's point-wise response to SEBI's Observation communicated vide BSE Limited's Letter No.DCS /AMAL/PS/24(f)/230/2013-14 dated 06th September 2013,

Company's response to para III (a) :

The SEBI's comments are incorrect both in law and on facts for the following reasons:-

At para 10.3 of the proposed Procedure, it is specifically stated that it is presented under 100 to 105 of the Companies Act, 1956 and in accordance with the procedures prescribed SEBI Circular CIR/CFD/DIL/5/2013 dated 04th February 2013.

Para 5.16 of the said Circular (amended subsequently vide Circular dated 21st May 2013) specifically requires Listed companies to inter-alia obtain shareholders' approval by a special resolution passed through postal ballot (e-voting is not applicable for the Company), in such a manner that the Scheme shall be acted upon by the company, only if the votes cast by public shareholders in favour of the proposal is more than the number of votes cast by public shareholders against it.

So also, Section 100 of the Companies Act specifically stipulates passing of a special resolution by the shareholders of a company before the company files a petition for reduction of capital before the High Court of competent jurisdiction. Moreover, any reduction of capital involves alteration of Articles of Association of the company which requires passing of a resolution by the shareholders through

Postal Ballot as mandated by 'The Companies (passing of resolution by Postal Ballot) Rules 2011'.

Further Para 11 (a) of the Procedure provides for obtaining approval of the shareholders of the Company by means of a special resolution passed at the General Meeting through Postal Ballot and through manual voting by the shareholders attending the Annual General Meeting particularly in such a manner that the no. of votes cast by the shareholders other than the Promoters / Promoter Group i.e., the Public shareholders in favour of the Scheme is more than the no. of votes cast by the public shareholders against it.

Hence, it is reiterated that a petition seeking sanction for our proposed Scheme will be filed before the High Court of Karnataka, **only after obtaining the consent of the requisite majority of the public shareholders.**

Company's response to paras III (b) & (c):

Under the SEBI (Delisting of Equity Shares) Regulations 2009, the Promoter of a company desirous of delisting its shares is required to acquire shares from the public through an "Exit Offer" by fixing a "floor price" which shall not be less than the 26 weeks' average of the weekly high and low closing prices of the Company's shares as

quoted on the recognized Stock Exchange and thereafter provide an opportunity to the public shareholders to bid for a price higher than the floor price by participating in a book building process.

Unlike the price band of 20% stipulated for an initial public offer by a company at para 3.5 of SEBI Disclosure and Investor Protection Guidelines 2000, the book building process under Delisting Regulations does not envisage any restriction on the price that may be bid for by the public shareholders. Regulation 17 of the said Regulations stipulates that an “Exit Offer” will be considered successful only if the Promoter acquires shares from the public equivalent to at least 50% of the offer size. Regulation 16 also provides that a Promoter shall not be bound to accept the equity shares at the offer price determined by the book building process.

Considering the absence of any price band prescribed over and above the floor price, and in the event of public shareholders bidding for a price not acceptable to the Promoters and / or in the event of the Promoters failing to acquire at least 50% of the shares through the book building process, the Exit Offer fails, notwithstanding the effort and expenses incurred by the promoter to facilitate the “Exit Offer” procedure.

Khoday India Limited has over 15,000 public shareholders widely distributed all over India as well as out side India and considering (i) the supervening impossibilities related to the practical aspects involved in the delisting process and (ii) the prevailing market

conditions and thin volume of trading in its shares, the Promoters do not expect to acquire the prescribed minimum of 50% of the shares from the public shareholders in an “Exit Offer” .

As regards the price of Rs.75/- per one equity share payable under the Scheme, it is re-iterated that the said price is 2.46 times the fair value of Rs. 30.49 of the Company’s share as at 30th September 2013 and 1.48 times the 26 weeks’ average of the weekly high and low price of the Company’s share price as quoted on the Bombay Stock Exchange, during the period 06th May 2013 to 01st November 2013.

Further, attention of the public shareholders is invited to the Fairness Opinion Report dated 17th April 2013. issued by the Category-1 Merchant Banker, M/s Corporate Professionals Capital Private Limited, certifying the Company’s proposal to be fair and reasonable from the perspective of the public shareholders of the Company.

Considering the above reasons and circumstances, the Company submits that its proposal is not only fair, just and reasonable for the public shareholders, but also provides them a quicker and effective exit opportunity.

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