

MD	<input checked="" type="checkbox"/>	BKC	NA
CS	<input checked="" type="checkbox"/>	DPY	NA
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
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ANNUAL REPORT 1997-98

Shri. K.L. FRANCIS
Chairman Emeritus

BOARD OF DIRECTORS

Shri. M.C. PAUL
Chairman & Managing Director

Shri. T.O. PAUL
Executive Director

Shri. P.K. VARGHESE
Whole-time Director

Shri. A.P. GEORGE
Director & Legal Advisor

Shri. K.P. JOHN
Director

Shri. T.R. RAGHAVAN
Director

Shri. T.C. MATHEW
Director

Shri. P.D. ANTO
Director

Dr. K.C. VIJAYARAGHAVAN
Director

Shri. JOHN FRANCIS K.
Director

Shri. C. THOMAS
(Nominee, KSIDC, Trivandrum)

CHIEF GENERAL MANAGER
Shri. ANAND MENON

SECRETARY-CUM-CHIEF FINANCE MANAGER
Shri. R. SANKARANARAYANAN

REGISTERED OFFICE
P.B. NO. 20, IRINJALAKUDA
KERALA STATE - 680121

AUDITORS
M/s. VARMA & VARMA
CHARTERED ACCOUNTANTS, TRICHUR

BANKERS
BANK OF BARODA,
IRINJALAKUDA

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FINANCIAL RESULTS

(in Lakhs)

	1996-97	1996-97
Sales and Other Income	12275.38	12275.38
Gross Profit	437.18	437.18
Net Profit after Tax	176.61	176.61
Shareholders' Equity (Net Worth)	1066.59	1066.59
Capital Employed	1806.25	1806.25
Gross Fixed Assets	1706.84	1706.84
Shareholders' Equity per Share (in Rs.)	33.33	33.33

DIRECTORS' REPORT

With pleasure your Directors present the 34th Annual Report together with the audited accounts for the financial year ended 31st March, 1998.

Financial Highlights

	For the year ended 31.3.1998 (Rs. in lakhs)	For the year ended 31.3.1997 (Rs. in lakhs)
Profit before depreciation	1493.22	347.78
Depreciation	114.84	106.17
Provision for Taxation	460.00	65.00
Profit after Taxation	918.38	176.61
Transfer to Gratuity Reserve	3.15	10.16
Transfer to General Reserve	575.00	25.00
Proposed Dividend	320.00	112.00
Provision for Corporate Dividend Tax	32.00	11.20

Dividend

Your Directors are pleased to recommend a dividend of 100% for the year ended 31st March, 1998 upon which company has to pay tax at the rate of 10% of the Dividend amount distributed. Out of the total proposed dividend, interim dividend at the rate of 25% has already been distributed among the shareholders.

Operations

Company's total turnover increased by 8% to Rs. 132 Crores compared to Rs. 122 Crores in 1996-97. The profit after tax has improved from Rs. 176.61 lakhs to Rs. 918.38 lakhs showing a remarkable increase of 420% in after-tax-profit as well as in EPS compared to last year figures. The improvement in profits is mainly due to easing of prices of raw materials and also due to improved rate of realisation.

Capital Expenditure

During the year 1997-98 we have acquired one cattle feed manufacturing unit at Palakkad investing Rs. 2.30 Crores. Work on construction of additional godown facilities at Irinjalakuda, Vedagiri and Swaminathapuram units have started.

The sites for the Dairy project in Kerala and Tamil Nadu have been purchased and civil works are in progress. The orders for machinery have been placed. The Dairy Project is expected to commence its operation in April, 1999.

Directors

Shri. T.R. Raghavan, Shri. John Francis K. and Shri. A.P. George will retire at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

Auditors

M/s. Varma & Varma, Chartered Accountants will retire at the forthcoming Annual General Meeting and are eligible for reappointment.

Disclosure of particulars

Information as per the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure A, forming part of this report.



Acknowledgement

Your Directors express their grateful thanks to Shareholders, Bankers especially Bank of Baroda, customers, distributors and suppliers for continued support, co-operation and guidance. Your Directors reiterate their appreciation of the consistent contribution by the employees to the growth of the Company.

Irinjalakuda
30 - 7 - 1998

By Order of the Board
Sd/-
M.C. Paul
Chairman and Managing Director

Annexure A to the Directors' Report

Additional information given as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A) Conservation of Energy

Translucent sheets are provided in Godowns and Plant's side covering to increase the natural light reducing lighting load. Maximum Demand Controller has been installed. Capacitors have been provided at load ends to reduce power factor. Screw type conveyor changed into redler chain conveyor thus reducing the power requirement.

B) Technology Absorption

During the year under review there was no major technology absorption undertaken by the Company.

C) Foreign Exchange Earnings and Outgo

	(Rupees in lakhs)	
	1997-98	1996-97
Foreign Exchange Earning	Nil	91.97
Foreign Exchange used	0.11	0.10

AUDITORS' REPORT

To

The Members of
KSE Limited
Irinjalakuda

We have audited the attached Balance Sheet of KSE Limited, Irinjalakuda, as at 31st March, 1998 and the annexed Profit and Loss Account for the year ended on that date and report as under:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion proper books of account, as required by the Companies Act, 1956 have been kept by the Company so far as appears from our examination of the books;
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account, and
4. In terms of the Manufacturing and other Companies (Auditors' Report) Order 1988 made by the Company Law Board, Government of India, under section 227 (4A) of the Companies Act, 1956, we also report that:
 - i) The Company has maintained records showing quantitative particulars and location of fixed assets. We are informed that major items of fixed assets have been physically verified by the management as at the end of the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no material discrepancies were noticed on such verification.
 - ii) None of the fixed assets has been revalued during the year.
 - iii) The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - iv) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - v) As explained to us, the discrepancies noticed between the book stock and physical stock are not material.
 - vi) On the basis of our examination of stock records, and having regard to the practice followed, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in preceding year.
 - vii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 or from companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
 - viii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 or to companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
 - ix) No loans or advances in the nature of loans have been given by the company during the year, other than interest-free advances given to the suppliers of capital items, suppliers of raw materials, and advances to staff which are being repaid/adjusted according to the agreed terms.
 - x) In our opinion and according to the information and explanations given to us, the internal control procedure in vogue for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and sale of goods is fairly adequate for the size of the Company and the nature of its business.
 - xi) As per explanations and information given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs. 50,000 (Rupees fifty thousand only) or more, in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions of similar goods or services have been made with other parties.