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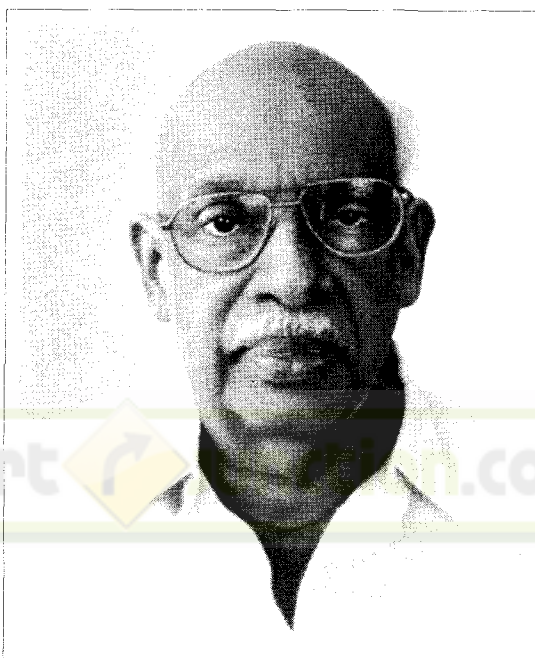
Business Leadership Performance

Annual Report 2006 - 2007



KSE Limited Irinjalakuda won the **Best Productivity Performance Award (1st Prize)** for the year 2004-05, 2005-06 in the animal feed processing units category instituted by National Productivity Council. Sri. M.C. Paul, CMD, KSE Limited, and Sri. Anand Menon, Chief General Manager received the award from Dr. Akhilesh Prasad Singh, Hon'ble. Deputy Minister for Agriculture, Government of India.

## Respectful Homage



### **T.O. Paul**

*(Executive Director, KSE Limited)*

**Passed away on 16.07.2007**

Promoter Director since 25.09.1963, the date of inception of KSE Limited.

Served as Whole time Director from 16.05.1988

and as Executive Director from 01.11.1994 to 16.07.2007.



Chairman and Managing Director

**M.C. Paul**

Executive Director

**T.O. Paul** (upto 16.07.2007)

Whole-time Director

**P.K. Varghese**

Director and Legal Advisor

**A.P. George**

Directors

**K.P. John**

**T.C. Mathew**

**P.D. Anto**

**Dr. K.C. Vijayaraghavan**

**John Francis K.**

**T.R. Ragulal**

Chief General Manager

**Anand Menon**

Secretary-Cum-Chief Finance Manager

**R. Sankaranarayanan**

#### **Registered Office**

Solvent Road, Irinjalakuda,  
Kerala - 680 121

#### **Auditors**

M/s. Varma & Varma  
Chartered Accountants  
Thrissur

#### **Bankers**

ICICI BANK LIMITED

#### **Registrars and Share Transfer Agents**

M/s. S.K.D.C. Consultants Limited,  
Post Box. No. 2979,  
11, Seth Narayandoss Layout,  
Street No. 1, West Power House Road  
Coimbatore - 641 012

#### **Annual General Meeting**

On Saturday,  
1st September 2007 at 3.00 p.m.

#### **Venue**

Registered Office,  
Solvent Road, Irinjalakuda

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## Financial Highlights

	<b>2006-2007</b>	2005-2006
	<b>Rs. in Lakhs</b>	Rs. in Lakhs
<b>Sales and Other Income</b>	<b>27551.91</b>	24076.42
<b>Gross Profit</b> (Profit before depreciation and interest)	<b>323.92</b>	1201.73
<b>Net Profit / (Loss) after Tax</b>	<b>(101.10)</b>	591.23
<b>Shareholders' Equity (Net Worth)</b>	<b>2532.14</b>	2670.67
<b>Capital Employed</b>	<b>5303.53</b>	6080.23
<b>Gross Fixed Assets</b>	<b>5315.72</b>	5097.36

	<b>Rs.</b>	Rs.
<b>Shareholders' Equity per Share</b>	<b>79.13</b>	83.46
<b>Earnings per share of Rs. 10 each</b>	<b>(3.16)</b>	18.48
<b>Dividend Rate</b>	<b>10 %</b>	125 %



Regd. Office : Solvent Road, Irinjalakuda - 680 121

## NOTICE OF THE MEETING

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting of KSE Limited, Irinjalakuda will be held at the Registered Office of the Company on Saturday, the 1<sup>st</sup> September 2007 at 3.00 P.M. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2007 Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Dr. K.C. Vijayaraghavan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri. T.R. Ragulal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sri. P.D. Anto, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:

RESOLVED that pursuant to the provisions of Sections 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, the Company approves the re-appointment of Sri T.O. Paul as Executive Director of the Company for a further term of three years with effect from 28<sup>th</sup> September 2007 on a remuneration of Rs. 37,000 (Rupees Thirty Seven Thousand Only) per month in the scale of Rs. 37,000 - 2,500 - 42,000 along with bonus and perquisites as mentioned herein below, within the overall limit under Schedule XIII of the Companies Act, 1956, to attend the day to day functioning of the Company subject to the direction and control of the Managing Director and that the Executive Director shall carry out such duties as are from time to time assigned to him by the Board of Directors and/or the Managing Director:

- (a) Bonus at the rates and in accordance with the rules of the Company as applicable to the Senior managerial personnel of the Company within the overall limit under Schedule XIII of the Companies Act, 1956.
- (b) Provision of a car with driver for Official purposes and such driver's remuneration/expenses as fixed/approved by the Board shall be reimbursed to him, if he is not provided with Company's driver.
- (c) Free use of Company's telephone at his residence.
- (d) Company's contribution towards Provident fund to the extent the same is not taxable under the Income-tax Act, 1961.
- (e) Reimbursement of medical expenses incurred for himself and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (f) Gratuity at the rate of half a month's salary for each year of completed service including past service with the Company.
- (g) Actual leave travel expenses excluding hotel charges once in a year to any place in India to himself and his family.
- (h) Fees to Clubs subject to a maximum of two Clubs provided that no life membership fee or admission fee is paid.
- (i) Personal accident insurance, the premium of which shall not exceed Rs. 1,000 per annum.

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid remuneration by way of salary and perquisites as specified above.

43<sup>rd</sup> Annual Report 2006-2007

8. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:  
RESOLVED that in supersession of the Resolution passed at the Annual General Meeting held on 25<sup>th</sup> September 2004, the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company, whether *pari passu* with the existing charges or not, of all the immovable and movable properties of the Company wherever situate, present and future, and the whole of the undertaking of the Company or such of them as may be agreed between the Board on the one side and Financial Institutions/ Banks/ Governments on the other side to secure loans granted to the Company by them not exceeding Rs. 60 crores (Rupees Sixty crores only) in the aggregate from the Financial Institutions/Banks/Governments together with interest, commitment charges, costs and other charges and expenses payable by the Company in terms of the loan agreement or agreements that may be entered into between the Company on the one side and the Financial Institutions/Banks/Governments on the other side from time to time subject to the condition that such loan or loans are used for capital projects and or working capital of the Company.
9. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:  
RESOLVED that in supersession of the Resolution passed at the Annual General Meeting of the Company held on 25<sup>th</sup> September 2004 consent of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293 (1) (d) of the Companies Act, 1956 for borrowing from time to time, at its discretion either from the Company's Bank or any other Bank, Financial Institution or any other lending Institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors of the Company, any sum or sums of money together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed in the aggregate at any one point of time Rs. 60 crores (Rupees Sixty crores only) irrespective of the fact that such aggregate amount of borrowing outstanding at any one point of time may exceed for the time being of the paid up capital of the Company and its free reserves, that is, reserves not set apart for any specific purpose.
10. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:  
RESOLVED that, pursuant to Section 293 (1) (a) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to deal, negotiate and dispose of the 4 acre and 4.17 gundas of landed properties situated in survey Nos. 23/2 and 23/3 of Hinkal Village, Kasaba Hobli, Mysore Taluk and Mysore District, buildings thereon and plant and machinery thereat owned by the Company, for an aggregate sales consideration of not less than the cost incurred by the Company for acquiring the said assets, and to utilise the sales proceeds for improving the working capital of the Company or for acquiring any capital assets, whether movable or immovable, for the Company and for that purpose to sign, seal and deliver such instruments, assignments, contracts, deeds, conveyances or any other instrument that may be considered necessary, usual or proper for the sale, lease or otherwise disposing of the land which according to the Directors may be considered beneficial and convenient for the Company.

By Order of the Board  
For KSE Limited

Sd/-

R.Sankaranarayanan  
Secretary-cum-Chief Finance Manager

Irinjalakuda  
June 29, 2007

## Notes:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out above is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote on a poll instead of himself and such a proxy need not be a member. The instrument of proxy must be deposited with the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21<sup>st</sup> August 2007 to 1<sup>st</sup> September 2007 (both days inclusive).
4. Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid to those members whose names appear in the Register of Members of the Company as on 01.09.2007. In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as per the details furnished by the Depositories for this purpose at the end of business hours as on 20.08.2007.

5. The members are requested to address all correspondences, including dividend matters and change in their addresses, to the Registrars and Share Transfer Agents, M/s. S.K.D.C. Consultants Limited, 11, Seth Narayandoss Layout, Street No. 1, West Power House Road, Coimbatore - 641 012.
6. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting. Members who hold the shares in the dematerialised form are requested to bring their deposit account number (Client ID No.) for easier identification of attendance at the meeting.
7. Members are requested to utilise the facility to nominate a person to whom the shares held by him shall vest in the event of his death by filing nomination, in the prescribed form, with the Company, as per Sections 109A and 109B of the Companies Act, 1956.
8. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to Investor Education and Protection Fund pursuant to Section 205 A of the Companies Act, 1956. It may be noted that no claim shall lie against the Company or the Investor Education and Protection Fund in respect of unclaimed dividend amount thus transferred to the said Fund. The members who have not encashed the dividend warrants for the final dividend for financial year ended 31<sup>st</sup> March 2001 onwards are requested to lodge their claim with the Company.
9. Members have facility for dematerialising equity shares of the Company with National Securities Depository Ltd. and Central Depository Services (India) Ltd. The ISIN No. allotted to the Company is INE953E01014. Any member desirous of dematerialising his holding may do so through any of the Depository Participants.
10. Members whose shareholding is in the electronic mode are requested to approach their respective Depository Participants for effecting change of address and updation of bank account details.
11. In terms of clause 49 of the Listing Agreement with Stock Exchanges, brief particulars pertaining to the Directors, who are proposed to be reappointed at this meeting, are given here under:
  - (a) Dr. K.C. Vijayaraghavan, aged 50 hails from a leading business family of Thrissur. He joined the Board of Directors of the Company on 30.04.1990 and is also a member of the Audit Committee effective from 28.09.2002. He is a Paediatrician by profession with a Post Graduate Degree in Paediatrics from University of Bombay (Grant Medical College and J.J. Group of Hospitals, Bombay). At present he is working as a Consultant Child Specialist at Elite Mission Hospital, Thrissur in which he is also a partner.
  - (b) Sri. T.R. Ragulal, aged 45 has secured his B.B.A. from University of Pennsylvania, U.S.A. He hails from a respectable business family of Thrissur. He is currently the Managing Director of M/s. Yamuna Roller Flour Mills Pvt. Ltd and Elite Foods Pvt. Ltd. He had acted as Chairman of the Kerala State Committee of Confederation of Indian Industries during 2004-2005. He joined as a Director of the Company effective from 31.01.2002. He is also acting as a member of the Shareholders'/Investors' Grievance Committee of the Company with effect from 28.09.2002.
  - (c) Mr. P.D. Anto aged 57 hails from a respectable business family of Irinjalakuda, engaged mainly in oil milling. He is having immense experience in oil milling. He joined as a Director of the Company effective from 29.03.1989. He is also acting as a member of the Shareholders'/Investors' Grievance Committee of the Company with effect from 28.09.2002.

#### **THE EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956**

##### **Item 7**

Sri. T.O. Paul, B.A., B.L., is a Promoter Director of the Company with effect from 25.09.1963. He acted as Whole-time Director of the Company with effect from 16.05.1988 and later on is acting as Executive Director of the Company with effect from 1.11.1994. He hails from a respectable business family in Irinjalakuda reputed for their expertise in oil milling and cashew processing industry. He is having immense practical experience in oil milling. He was for a long time President of Kerala State Oil Millers' Association and Coconut Oil & Copra Producers' Co-operative Society Ltd. He was earlier practising as an Advocate in Irinjalakuda Bar.

The current tenure of his appointment expires on 27<sup>th</sup> September 2007. Your Directors are desirous that his valuable services may be continued to be utilised for the benefit of the Company. The Board accordingly recommends that Sri. T.O. Paul be reappointed as Executive Director of the Company for a further period of three years from 28<sup>th</sup> September 2007 on a remuneration and perquisites as set forth in the resolution. The Board also recommends that in the event of loss or inadequacy of profits for the Company in any financial year the Executive Director shall be paid remuneration by way of salary and perquisites as specified in the Resolution.

Sri. T.O. Paul is interested in the proposed resolution to the extent of remuneration payable to him. None of the other Directors are interested or concerned in the proposal.

**Item 8**

In accordance to Section 293 (1) (a) of the Companies Act, 1956 the Board of Directors shall not, except with the consent of shareholders in the General Meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company. Your Directors consider that the creation of equitable mortgage on the fixed assets of the Company which form the undertakings of the Company attracts the provisions of Section 293 (1) (a) of the Companies Act, 1956. The term "sell, lease or otherwise dispose of" in effect covers all modes of disposal of property such as creation of equitable mortgage in favour of Banks/Financial Institutions for the purpose of securing loans and advances.

At the Annual General Meeting of the Company held on 25<sup>th</sup> September 2004 consent of the shareholders have been obtained for mortgaging/charging the properties of the Company to secure loan or loans not exceeding Rs. 40 crores in the aggregate. Your Directors are considering various projects for adoption as part of expansion of the area of operation of the Company. Further, along with the expansion in the operations of the Company the need for enhancement in the working capital limits also will arise. Since these are to be financed by borrowed capital, charge by way of equitable mortgage/hypothecation is required to be created in favour of Banks/Financial Institutions. This calls for enhancement in the limits for creation of charge on the fixed assets of the Company. Your Directors suggest that the limit may be enhanced up to Rs. 60 crores.

The proposal contained in the above Ordinary Resolution is placed before you for your acceptance in the interest of the Company. None of your Directors are directly or indirectly interested in the aforesaid proposal.

**Item 9**

Pursuant to the provisions of Clause (d) of Sub-Section (1) of Section 293 of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid up capital of the Company and its free reserves at any one time except with the consent of the shareholders of the Company in a General Meeting. At the Annual General Meeting of the Company held on 25<sup>th</sup> September 2004 consent of the members have been given to the Directors to borrow up to a maximum amount of Rs. 40 crores, irrespective of the fact that such amount together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) exceeded the aggregate of paid up capital and the free reserves of the Company as on that date. Your Directors are considering various proposals of capital projects for implementation which requires borrowed capital. Therefore, your Directors place before you the proposal to increase the maximum borrowing limit to Rs. 60 crores.

None of the Directors of your Company are interested, either directly or indirectly, in the said proposal and recommends your approval thereof in the interest of the Company.

**Item 10**

Your Company acquired the Mysore Unit, admeasuring 4 acres and 4.17 gundas along with buildings and plant and machinery thereat in March, 2005. The Unit is situated very close to the Mysore City. Before acquisition of this property, your Company was producing cattle feed in the said Unit for over 10 years under third party production arrangement. The said Unit was acquired with an intention to continue own production of cattle feed in that Unit. The gross value of the land, buildings and plant and machinery of that Unit is Rs. 192 lakhs. Shortly after acquiring the said Unit, Mysore City was undergoing drastic changes in its developments and consequent shooting up of real estate prices, due to its proximity to Bangalore City. Anticipating that the area wherein our Unit is situated will soon be a part of the City and that cattle feed manufacturing may not be pursued in that Unit in such a scenario, your Directors decided not to produce cattle feed thereat. With the commissioning of the proposed 500 TPD cattle feed plant at Irinjalakuda Unit, there is only remote chance for us to take production in Mysore Unit. Your Directors believe that the landed properties of the said Unit along with the buildings can be sold for an attractive consideration since that area is fast changing to a commercial hub and the sales proceeds could be utilised either for improving the working capital or for acquiring capital assets for the Company.

Section 293 (1) (a) of the Companies Act, 1956 *inter alia* provides that the Board of Directors shall not, except with the consent of the shareholders in the General Meeting, sell, lease or otherwise dispose of the whole, or substantially whole, of the undertaking of the Company. As such your Directors recommend that the resolution authorising the Board of Directors for sale of Mysore Unit be passed in the Annual General Meeting.

None of the Directors of your Company are interested, either directly or indirectly, in the said proposal and recommends your approval thereof in the interest of the Company.