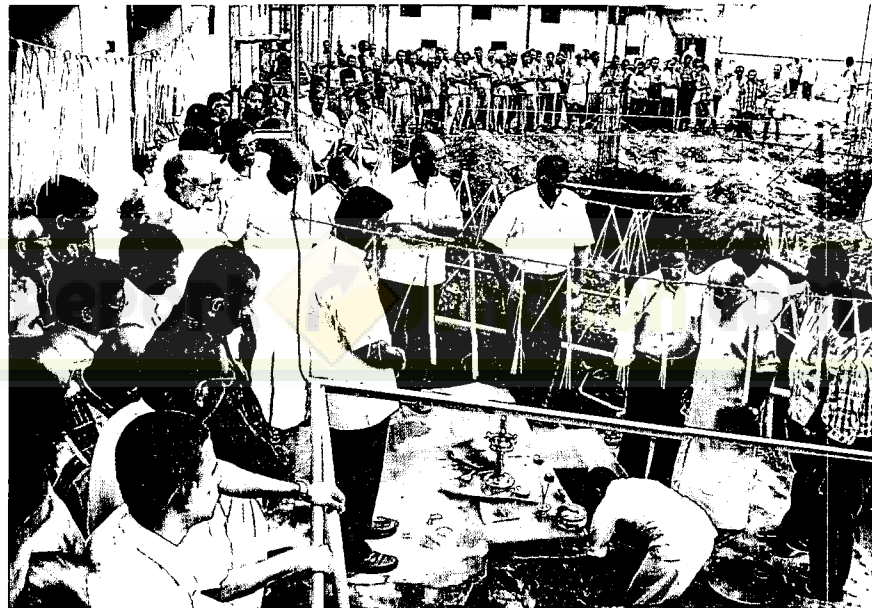




Our growth is exceptional.
And natural.

Every stone that we lay has success written on it.



Foundation Stone laying ceremony of the new 500 TPD cattle feed plant at Irinjalakuda held on 16th May, 2008

Chairman and Managing Director

M.C. Paul

Executive 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

Dr. Jose Paul Thaliyath

(with effect from 1st September, 2007)

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 Thursday,
28th August, 2008 at 3.00 p.m.**

Venue

**Registered Office,
Solvent Road, Irinjalakuda**

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Financial Highlights

	2007-2008	2006-2007
	Rs. in Lakhs	Rs. in Lakhs
Sales and Other Income	29044.37	27551.91
Gross Profit (Profit before depreciation and interest)	959.16	323.92
Net Profit / (Loss) after Tax	258.32	(101.10)
Shareholders' Equity (Net Worth)	2669.98	2532.14
Capital Employed	4795.73	5303.53
Gross Fixed Assets	5386.51	5315.72
	Rs.	Rs.
Shareholders' Equity per Share	83.44	79.13
Earnings per share of Rs. 10 each	8.07	(3.16)
Dividend Rate	35 %	10 %



Regd. Office : Solvent Road, Irinjalakuda - 680 121

NOTICE OF THE MEETING

Notice is hereby given that the 44th Annual General Meeting of KSE Limited, Irinjalakuda will be held at the Registered Office of the Company on Thursday, the 28th August, 2008 at 3.00 P.M. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008, 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 Shri. T.C. Mathew, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. John Francis K, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. A.P. George, 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 appointment of Shri P.K. Varghese as Executive Director of the Company with effect from 1st September, 2007 till 31st October, 2009 on a remuneration of Rs. 30,000 (Rupees Thirty Thousand Only) per month for the period from 1st September, 2007 to 31st October, 2008 and Rs. 32,000 (Rupees Thirty Two Thousand Only) for the period from 1st November, 2008 to 31st October, 2009 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."

8. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED that Dr. Jose Paul Thaliyath, who has been appointed as an Additional Director by the Board of the Directors of the Company in its meeting held on 1st September, 2007, as per the provisions of Section 260 of the Companies Act, 1956 and by virtue of that Section who has to vacate his office as Director of the Company, on 28th August, 2008, the date of the Annual General Meeting, be and is hereby appointed as a Director of the Company in terms of Section 257 of the Companies Act, 1956 in respect of which the Company has received notice in writing under his hand signifying his candidature for the office of director along with a deposit of Rs. 500 (Rupees Five Hundred only) as per the provisions of that Section."

9. 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 terms of appointment and remuneration of Shri M.C. Paul as Managing Director of the Company for a further term of three years with effect from 23rd October, 2008 on a remuneration of Rs. 80,000 (Rupees Eighty Thousand Only) per month in the scale of Rs. 80,000 - 5,000 - 90,000 along with bonus and perquisites as mentioned herein below within the overall limit under Schedule XIII of the Companies Act, 1956, as set out in the draft agreement, submitted to this meeting and for identification signed by the Chairman, which agreement is specifically sanctioned with liberty to the directors to alter and vary the terms and conditions of the said appointment and/or agreement with out increasing the remuneration mentioned therein and in such manner as may be agreed to between the Directors and Shri. M.C. Paul:

- (a) Bonus at the rates and in accordance with the rules of the Company as applicable to the senior managerial personnel of the Company with in 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 Managing Director shall be paid remuneration by way of salary and perquisites as specified above."

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

"RESOLVED that Mrs. Mary Paul, wife of Late T.O. Paul who was Executive Director of the Company, be paid Rs. 1,02,000 (Rupees One Lakh and Two Thousand only), which is equivalent to three month's last drawn salary of Late T.O. Paul, as Leave Salary and that the Company's Car No. KL-8/AC-4884, which had been used by him, having original cost of Rs. 8,13,857 as on the date of purchase ie. as on 13.12.2004 and written down value of Rs. 2,85,925 as on 30th June, 2008, be handed over to Mrs. Mary Paul, wife of Late T.O. Paul as a reward from the Company for the selfless services rendered by him towards the growth and development of the Company for a long period of 43 years, from the inception of the Company."

By Order of the Board

For KSE Limited

Sd/-

R.Sankaranarayanan

Secretary-cum-Chief Finance Manager

Irinjalakuda
June 30, 2008

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 19th August 2008 to 28th August 2008 (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 28.08.2008. 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 18.08.2008.

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 31st 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 hereunder:
 - (a) Shri. T.C. Mathew aged 74 hails from a respectable agricultural family from Kandassankadavu. Shri. Mathew is a progressive coconut cultivator and is an expert in coconut farming. He was proprietor of an Oil Mill and is having immense practical experience in oil mill industry. Shri. T.C. Mathew was appointed as Director of the Company with effect from 29.12.1970 and is servicing the Company with his practical knowledge. He is also acting as a member of the Audit Committee of the Company with effect from 28.09.2002.
 - (b) Shri. John Francis K. aged 51 hails from a respectable business family of Irinjalakuda engaged primarily in oil mill industry. He has gained good experience in oil milling through his family business. He has joined as Director of the Company with effect from 1.11.1994 and is servicing the Company as Director for the past 14 years. He is also acting as a member of the Shareholders'/Investors' Grievance Committee of the Company with effect from 28.09.2002.
 - (c) Shri. A.P. George, B.A., B.L., aged 72 is a Promoter Director of the Company effective from 25.09.1963 and is acting as Director and Legal Advisor of the Company from 1.11.1994. He is also acting as the Chairman of the Shareholders'/Investors' Grievance Committee of the Company with effect from 28.09.2002. By profession he is a Senior Advocate of Irinjalakuda Bar. He was also Chairman of Irinjalakuda Municipality for over 7 years. He is also having rich experience in oil milling through his family business.

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

Item 7

Shri. P.K. Varghese is Director of the Company, with effect from 29.12.1970 and was acting as Whole-time Director of the Company from 1.11.1994 to 31.8.2007. Shri P.K. Varghese was reappointed as Whole-time Director at the 42nd Annual General Meeting held on 31st August, 2006 for a period of three years on a remuneration of Rs. 26,000 (Rupees Twenty Six Thousand Only) in the scale of Rs. 26,000 - 2,000 - 30,000. Subsequent to the death of Late T.O. Paul, Executive Director on 16th July, 2007, the Board at its meeting held on 1st September, 2007, subject to the approval of the Shareholders at the General Meeting by Special Resolution, elevated Shri P.K. Varghese as Executive Director for the remaining period of his present appointment for an enhanced remuneration of Rs. 30,000 (Rupees Thirty Thousand Only) per month for the period from 1st September, 2007 to 31st October, 2008 and Rs. 32,000 (Rupees Thirty Two Thousand Only) for the period from 1st November, 2008 to 31st October, 2009 along with bonus and perquisites.

Shri P.K. Varghese hails from a business family in Irinjalakuda renowned for running oil mills. He is having immense practical experience in oil milling. He is a graduate in Science. Your Directors are desirous that his valuable services may be continued to be utilised for the benefit of the Company. The Board accordingly recommends for the enhancement of remuneration of Shri. P.K. Varghese in the new role as Executive Director of the Company for the remaining period of his appointment 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.

Shri. P.K. Varghese is interested in the proposed resolution to the extent of remuneration payable to him. None of the other Directors is interested or concerned in the proposal.

Item 8

Subsequent to the death of Late T.O. Paul, Executive Director, the Board, at its meeting held on 1st September, 2007, appointed Dr. Jose Paul Thaliyath as Additional Director pursuant to Article 108 (1) of the Articles of Association of the Company, under Section 260 of the Companies Act, 1956. Dr. Jose Paul Thaliyath will hold his office as Director only upto the date of the ensuing Annual General Meeting by virtue of Section 260 of the Companies Act, 1956. The Company has received notice in writing under his hand signifying his candidature for the office of director along with a deposit of Rs. 500/- under the provisions of Section 257 of the Companies Act, 1956.

Dr. Jose Paul Thaliyath, aged 57 is having post graduate degree in Anaesthesiology and is presently serving as Consultant Anaesthesiologist in a leading private hospital. He hails from a respectable business family of Irinjalakuda reputed for their expertise in oil milling and cashew processing and he is having immense knowledge in those industries.

Your Directors are desirous that his valuable services may be continued to be utilised for the benefit of the Company by appointing him as a Director, liable to retire by rotation, as per the provisions of Section 257 of the Companies Act, 1956. Except Dr. Jose Paul Thaliyath, none of the other directors are interested or concerned in the resolution.

Item 9

Shri M.C. Paul is a Promoter Director and is actively associated with the development of the Company from its inception. He was appointed as Whole-time Director with effect from 23-10-1976 and later on as Executive Director with effect from 23-10-1977. He was further appointed as Managing Director of the Company with effect from 01-11-1994 and still continues as Managing Director of the Company. During his tenure as Managing Director, the business of the Company grew substantially registering steady growth in terms of turnover, profits and reserves and the Company won the National Productivity Award consecutively for ten years from 1996-97 to 2005-06 for the best productivity performance in the category of Animal Feed Processing Industry.

The present term of appointment of Shri M.C. Paul as Managing Director of the Company expires on 22nd October, 2008. Your Directors are desirous that his valuable services may be continued to be utilised for the benefit of the Company. Accordingly the Board recommends that Sri. M.C. Paul be reappointed as Managing Director of the Company for a further period of three years on a remuneration and perquisites as set forth in the resolution. The Draft agreement to be entered into with Shri. M.C. Paul for appointment as Managing Director is available for inspection of members at the Registered Office on all working days between 11.00 A.M. and 1.00 P.M. up to the date of Annual General Meeting.

Shri. M.C. 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 10

Late 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 acted as Executive Director of the Company from 1.11.1994 till his death on 16th July, 2007. His active participation in the affairs of the Company and his learned and valuable advices have contributed much to the progress of the Company from its inception.

Board recommends the shareholders that Mrs. Mary Paul, wife of Late T.O. Paul, may be paid with three months' last drawn salary of Late T.O. Paul as Leave Salary and further that the Company's car used by him may be handed over to her in consideration and as a token of appreciation of the Company for his valuable services. The amount of leave salary payable as aforesaid, if the proposed resolution is passed in the ensuing Annual General Meeting, is Rs. 1,02,000. The Original cost of the Car No. KL-8/AC-4884, which had been used by him, is Rs. 8,13,857 as on the date of purchase ie. as on 13.12.2004 and written down value as on 30th June, 2008 is Rs. 2,85,925. Share holders may approve the above considering the selfless services rendered by Late T.O. Paul towards the growth and development of the Company for a long number of years (over 43 years), from the inception of the Company.

Dr. Jose Paul Thaliyath, son of Late T.O. Paul, is interested in the proposed resolution to the extent of the amount of leave salary proposed to be paid and the value of the Car proposed to be handed over. None of the other Directors are interested or concerned in the proposal.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 44th Annual Report together with the audited accounts for the financial year ended 31st March 2008.

Financial Highlights

	For the year ended 31.03.2008 (Rs. in lakhs)	For the year ended 31.03.2007 (Rs. in lakhs)
Profit before depreciation	707.98	106.13
Depreciation	286.66	281.25
Taxation including deferred tax	163.00	(74.02)
Profit / (Loss) after tax	258.32	(101.10)
Surplus brought forward	1.70	70.24
Transfer to / (from) General Reserve	26.00	(70.00)
Dividend	112.00	32.00
Corporate Dividend Tax	19.03	5.44

Dividend

Considering the profits for the current year, your directors recommend a dividend of 35 % (Rs. 3.50 per share of Rs.10 each) for the year ended 31st March, 2008 which, if approved at the ensuing Annual General Meeting, will be paid to those members whose names appear in the Register of Members of the Company as on 28.08.2008. 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 18.08.2008.

Operations

Year 2007-08 was a year of consolidation. During the financial year 2007-08, the turnover of the Company improved by 5.25 % from Rs. 275.06 crores in the previous year to Rs. 289.51 crores. The increase in turnover is mainly attributable to the increase in the selling prices. In the year 2006-07 we could achieve 12.40% growth in cattle feed and 43.76% growth in ice cream in terms of sales volume. Despite the continuing adverse conditions, we could retain the sales volume at the same level that of previous year. The Company performed well in terms of profits, from a loss of Rs. 101.10 lakhs in year 2006-07 to a profit of Rs. 258.32 lakhs in the year under Report.

The Cattle Feed and Solvent industries are passing through very difficult period for the past two years due to spiralling ingredient prices. Your Company is combating the situation, by improving operational efficiencies and passing on minimum effect of price increase to the customers, without losing sales volumes already achieved. While the average cost of cattle feed ingredients registered an increase of Rs. 740 per tonne in year 2006-07, it further firmed up by Rs. 750 per tonne in year 2007-08. It is expected that the price situation of the cattle feed ingredients will rule at these high levels for some more time. As we are judiciously adjusting the cattle feed selling price in tune with the ingredient prices, we expect to better our performance in the coming year.

The Company could marginally improve the quantity of oil cake processed during the financial year 2007-08 in the Oil Cake Processing Division. Price for coconut oil cake has firmed up and the availability of imported cake has been affected due to wide disparity in the international and local prices. During the year we had lost 3,300 tonnes of Indonesian cake in transit and thereby production to that extent, though we have recovered fully the loss thereon from the insurer. Since the coconut oil price ruled at comparatively higher levels against that in previous year, the Oil Cake Processing Division could perform better, though the availability of imported cake was low. However, we could import around 12,000 tonnes of coconut oil cake in June, 2008 at competitive price.

After the revamp of Dairy Division by cutting down the uneconomic milk operations and concentrating on ice cream, that Division has turned around and has started generating profits. We have added 1000 lpd production capacity of Ice Cream in Thalayathu Unit in February, 2008. We are exploring new markets in Kerala and Tamil Nadu and also planning to add more capacity for ice cream production.

Steps are being taken for the sale of Company's property at Mysore, as it is not required for cattle feed production, in view of the setting up of the 500 tpd cattle feed plant at Irinjalakuda.

More information relating to the operations of the Company has been furnished in the Management Discussion and Analysis Report, as per Clause 49 of the Listing Agreement.