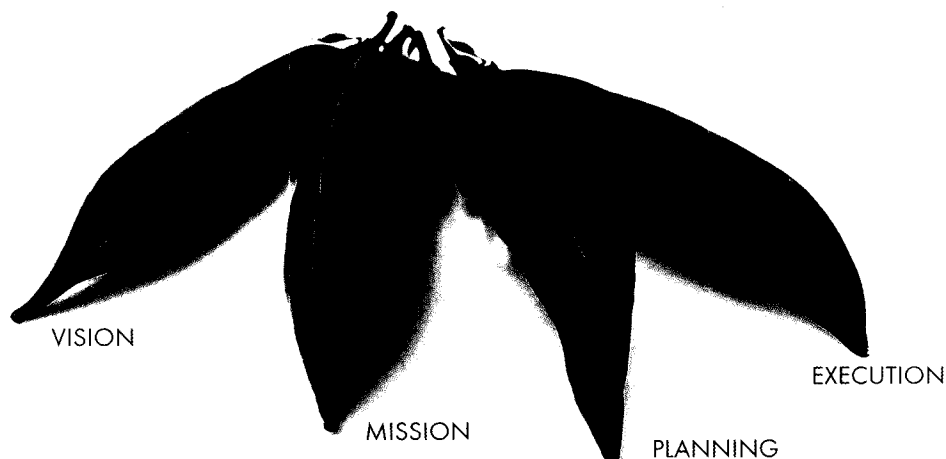


45th ANNUAL REPORT 2008 - '09

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Success Story



A PROUD MOMENT



Launch of 'KS Premium'
An improved variety of cattle feed supplemented with Yea-sacc.

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

Chief General Manager
Anand Menon

Company Secretary-Cum-General Manager (Finance)
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,
27th August, 2009 at 3.00 p.m.

Venue
Registered Office,
Solvent Road, Irinjalakuda.

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Financial Highlights

	2008-2009	2007-2008
	Rs. in Lakhs	Rs. in Lakhs
Sales and Other Income	35103.39	29044.37
Gross Profit (Profit before depreciation and interest)	1035.95	959.16
Net Profit after Tax	320.54	258.32
Shareholders' Equity (Net Worth)	2803.33	2669.98
Capital Employed	5973.21	4795.73
Gross Fixed Assets	6450.64	5386.51
	Rs.	Rs.
Shareholders' Equity per Share	87.60	83.44
Earnings per share of Rs. 10 each	10.02	8.07
Dividend Rate	50 %	35 %



Regd. Office : Solvent Road, Irinjalakuda - 680 121

NOTICE OF THE MEETING

Notice is hereby given that the 45th Annual General Meeting of KSE Limited, Irinjalakuda will be held at the Registered Office of the Company on Thursday, the 27th August, 2009 at 3.00 P.M. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009, 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. K.P. John, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. P.D. Anto, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. K.C. Vijayaraghavan, 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 reappointment of Sri P.K. Varghese as Executive Director of the Company for a further term of three years with effect from 1st November, 2009 on a remuneration of Rs. 45,000 (Rupees Forty Five Thousand Only) per month in the scale of Rs. 45,000-2,500-50,000 along with bonus and perquisites as mentioned herein below, with in 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. 1000 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 a Special Resolution:

"RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the reappointment of Sri A.P. George as Director and Legal Advisor of the Company for a period of three years from 1st November, 2009 and payment of a sum of Rs. 11,000 (Rupees Eleven Thousand Only) per month as fee for professional services rendered to the Company as Advocate in addition to reimbursement of actual expenses incurred by him on behalf of the Company, which is covered by the opinion expressed by the Central Government under section 309 (1) of the Companies Act, 1956."

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 held on 1st September, 2007, 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. 90 crores (Rupees Ninety 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."

10. 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 1st September, 2007, 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 not exceeding in the aggregate at any one point of time Rs. 90 crores (Rupees Ninety crores only) 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), 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."

11. 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 enhancement of remuneration of Sri P.K. Varghese, Executive Director of the Company for the period from 1st November, 2008 to 31st October, 2009 to Rs. 40,000 (Rupees Forty Thousand Only) per month along with bonus and perquisites as mentioned herein below, as approved by the Board of Directors in their meeting held on 30th October, 2008, within the overall limit under Schedule XIII of the Companies Act, 1956:

- (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. 1000 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."

By Order of the Board
For KSE Limited

Sd/-

R.Sankaranarayanan

Company Secretary-cum-General Manager(Finance)

Irinjalakuda
June 30, 2009

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 2009 to 27th August 2009 (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 27.08.2009. 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 18th August, 2009.
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 2003 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. Members may note that transferees of shares of the Company in physical form shall furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.
12. 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) Mr. K.P. John, M.A. LLB., aged 82, hails from a respectable business family of Irinjalakuda engaged primarily in oil mill industry. He is acting as the Chairman of the Audit Committee of the Company with effect from 28.09.2002 and that of the Remuneration Committee with effect from 1st September, 2007. He was past Governor of District 324 E of Lions Club. He was Chairman of Irinjalakuda Municipality for six years. He is also engaged in cashew business. He has joined as Director of the Company with effect from 15.4.1969 and is servicing the Company with his vast experience.
 - (b) Mr. P.D. Anto, aged 59, 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 and that of Remuneration Committee with effect from 1st September, 2007.
 - (c) Dr. K.C. Vijayaraghavan, aged 52, 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, Trichur in which he is also a partner.

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

Item 7

Shri. P.K. Varghese, aged 63, 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, which was subsequently approved by the Shareholders at the Annual General Meeting held on 28th August, 2008. Further, the Board approved, subject to approval of shareholders at general meeting by special resolution, at their meeting held on 30th October, 2008, enhancement of remuneration of Shri P.K. Varghese to Rs. 40,000 (Rupees Forty Thousand only) per month for the period from 1st November, 2008 to 31st October, 2009, for which your approval is sought in Item 11 below.

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. The current tenure of his appointment expires on 31st October, 2009. 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. P.K. Varghese be reappointed as Executive Director of the Company for a period of three years with effect from 1st November, 2009 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.

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

Sri A.P. George was reappointed as Director and Legal Advisor of the Company for a period of three years from 1.11.2006. His term of appointment as Director and Legal Advisor of the Company expires on 31st October, 2009. 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. A.P. George be reappointed as Director and Legal Advisor of the Company for a further period of three years from 1st November, 2009 on a monthly professional fee of Rs. 11,000 per month in addition to the reimbursement of actual expenses incurred by him for the purpose of the Company. The Central Government has already given their opinion in terms of Section 309 (1) of the Companies Act, 1956 that Sri. A.P. George possesses the requisite qualifications for payment of fee for professional services rendered as an advocate of the Company. Since Sri. A.P. George is holding office or place of profit under Section 314 (1) of the Companies Act, 1956, a Special Resolution is to be passed in the general meeting to accord approval and consent for the said reappointment.

Sri. A.P. George is interested in the proposed resolution to the extent of professional fee payable to him. None of the other Directors is interested or concerned in the proposal.

Item 9

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 1st September, 2007 consent of the shareholders have been obtained for mortgaging/charging the properties of the Company to secure loan or loans not exceeding Rs. 60 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 upto Rs. 90 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 is directly or indirectly interested in the aforesaid proposal.

Item 10

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 1st September, 2007 consent of the members have been given to the Directors to borrow upto a maximum amount of Rs. 60 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. 90 crores.

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

Item 11

Shri. P.K. Varghese, aged 63, 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 Sri. 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, which was subsequently approved by the shareholders at the Annual General Meeting held on 28th August, 2008.

Further, the Board approved, at their meeting held on 30th October, 2008, subject to approval of shareholders at general meeting by special resolution, enhancement of remuneration of Shri P.K. Varghese to Rs. 40,000 (Rupees Forty Thousand only) per month along with bonus and perquisites for the period from 1st November, 2008 to 31st October, 2009, that is for the remaining period of his current tenure. Board recommends that the enhancement of Remuneration to Sri. P.K. Varghese as above and as set forth in the resolution be approved. 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.