

NURTURING EXCELLENCE, GARNERING SUCCESS





Registered Office
Solvent Road, Irinjalakuda,
Kerala -680 121

Auditors
M/s. Varma & Varma,
(Firm No.004532 S)
Chartered Accountants,
Thrissur.

Bankers
ICICI Bank Limited

Registrars and Share Transfer Agents
M/s. S.K.D.C. Consultants Limited,
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road,
Ganapathy,
Coimbatore – 641006

Annual General Meeting
On Tuesday,
31st July, 2012 at 3.00 p.m.

Venue
Registered Office,
Solvent Road, Irinjalakuda.

Chairman and Managing Director
M.C. Paul

Executive Director
P.K. Varghese

Director and Legal Advisor
A.P. George

Directors
K.P. John
P.D. Anto
Dr. K.C. Vijayaraghavan
John Francis K.
T.R. Ragulal
Dr. Jose Paul Thaliyath
Joseph Xavier

Chief General Manager
Anand Menon

Company Secretary-cum-General Manager (Finance)
R. Sankaranarayanan



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Financial Highlights

	2011-2012	2010-2011
	₹ in Lakhs	₹ in Lakhs
Sales and other income	54336.28	45436.07
Gross Profit (Profit before Depreciation and Finance costs)	2387.83	1446.98
Profit before tax	1587.04	667.31
Net profit after tax	1044.93	449.81
Shareholders' Equity (Net worth)	3971.18	3335.35
Capital employed	4898.67	4498.23
Gross fixed assets	7308.62	7194.27
	,	,
Shareholders' equity per share	124.10	104.23
Earnings per share of ₹ 10 each	32.65	14.06
Dividend rate	110%	100%



Regd. Office : Solvent Road, Irinjalakuda - 680 121

NOTICE OF THE MEETING

Notice is hereby given that the 48th Annual General Meeting of KSE Limited, Irinjalakuda will be held at the Registered Office of the Company on Tuesday, the 31st July, 2012 at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012, Statement of Profit and Loss 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. John Francis K., who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri T.R. Ragulal, 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 Shri P.K. Varghese as Executive Director of the Company for a further term of three years with effect from 1st November, 2012 on a remuneration of ₹ 70,000 (Rupees Seventy Thousand Only) per month in the scale of ₹ 70,000 - 3,000 - 76,000 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 ₹ 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, 2012 and payment of a sum of ₹ 16,000 (Rupees Sixteen 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.”

Irinjalakuda
May 30, 2012

By Order of the Board
For KSE Limited
Sd/-
R.Sankaranarayanan
Company Secretary-cum-General Manager (Finance)

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 24th July 2012 to 31st July 2012 (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 31st July, 2012. 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 23rd July, 2012.
5. The members are requested to address all correspondences, including dividend matters and change in their addresses, to M/s. S.K.D.C. Consultants Limited, Registrars and Share Transfer Agents, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
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 them shall vest in the event of their 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 2005 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:
- Shri K.P. John, M.A. LLB. aged 85 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.
 - Shri John Francis K. aged 55 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 17 years. He is also acting as a member of the Shareholders'/Investors' Grievance Committee of the Company with effect from 28.09.2002.
 - Shri. T.R. Ragulal, aged 50 has secured his B.B.A. from University of Pennsylvania, U.S.A.. He hails from a respectable business family of Trichur. He is currently the Managing Director of M/s. Yamuna Roller Flour Mills Pvt. Limited and Elite Foods Pvt. Ltd. He had acted as Chairman of the Kerala State Committee of Confederation of Indian Industries during 2004-2005. He has 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.

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

Item 7

Shri. P.K. Varghese, aged 66, is a 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 31.08.2007. From 1st September, 2007 he is acting as Executive Director and he was reappointed as Executive Director for a period of three years from 1st November, 2009 on a remuneration of ₹ 45,000 per month in the Scale of ₹ 45,000-2,500-50,000 along with perquisites which was approved by the shareholders at the Annual General Meeting held on 27th August, 2009. Considering the general increase in remuneration across the Industry, at the Annual General Meeting held on 28th July, 2011 the remuneration payable to Shri. P.K. Varghese has been enhanced to ₹ 65,000 per month from 1st August, 2011 to the remaining period of his appointment.

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, 2012. 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 Shri P.K. Varghese be reappointed as Executive Director of the Company for a period of three years with effect from 1st November, 2012 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

Shri A.P. George was appointed as Director and Legal Advisor of the Company for a period of three years from 1.11.2009 on a professional fee of ₹ 11,000 per month towards the professional services rendered by him to the Company as an Advocate. Since the volume of work has increased considerably, at the Annual General Meeting held on 28th July, 2011 the professional fee payable to him has been enhanced to ₹ 14,000 per month. His term of appointment as Director and Legal Advisor of the Company expires on 31st October, 2012. 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 Shri. A.P. George be reappointed as Director and Legal Advisor of the Company for a further period of three years from 1st November, 2012 on a monthly professional fee of ₹ 16,000 plus reimbursement of actual expenses incurred by him while rendering such legal services. The Central Government has already given their opinion in terms of Section 309 (1) of the Companies Act, 1956 that Shri. A.P. George possesses the requisite qualifications for payment of fee for professional services rendered as an advocate of the Company. Since Shri. 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.

Shri. 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.

DIRECTORS' REPORT

Your Directors are pleased to present the 48th Annual Report and the audited accounts for the financial year ended 31st March 2012.

Financial Highlights

(₹ in lakhs)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Profit before Finance costs, Depreciation and amortisation expenses and Tax expenses	2,387.83	1,446.98
Less : Finance Costs	341.32	323.82
Depreciation and amortisation expenses	459.47	455.85
Tax expenses	542.11	217.50
	1,342.90	997.17
Profit after tax for the current year	1,044.93	449.81
Opening balance of Surplus	224.36	246.46
	1,269.29	696.27
Appropriations:		
Transfer to General reserve	600.00	100.00
Dividend	352.00	320.00
Corporate Dividend tax	57.10	51.91
	1009.10	471.91
Closing balance of Surplus	260.19	224.36

Dividend

Considering the profits for the current year, your Directors recommend a dividend of 110% (₹ 11.00 per share of ₹ 10 each) for the year ended 31st March, 2012 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 31.07.2012. 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 23.07.2012.

Operations

The turnover of the Company improved from ₹ 454 crores to ₹ 542 crores during the year ended 31st March, 2012, thus registering an increase of 19 % over that of previous year. Cattle feed sales volume improved from 3.20 lakhs tonnes to 3.66 lakhs tonnes by recording a growth of 14 %. The Animal feed division generated a profit of ₹ 1533.88 lakhs against ₹ 397.73 lakhs in the previous year. The volume of cake processing improved from 62,000 tonnes in the previous year to 73,000 tonnes in the year under report. However, as a result of fall in the price of coconut oil by around 40 % at a time when we had around 10,000 tonnes of imported copra cake on hand, the profit of cake processing division experienced a fall in profit from ₹ 481.30 lakhs in the previous year to ₹ 291.64 lakhs during the year 2011-12. In the Dairy division, the volume of sale of ice cream remained more or less at the same levels that of previous year at 865 kl. The profit of Dairy division for the year 2011-12 is ₹ 96.99 lakhs, which was at ₹ 145.03 lakhs in the previous year. The over-all profit after tax thereby improved from ₹ 449.81 lakhs in year 2010-11 to ₹ 1,044.93 lakhs in the year under report.

As a result of increase in railway freight and introduction of service tax on railway freight in March, 2012, the prices of major ingredients have gone up by around ₹ 750 per tonne. We do not expect a significant fall in the cost of cattle feed ingredients in the immediate future. We have adjusted the selling prices of feed, to match the increase in ingredient prices. We firmly believe that the sales volume of cattle feed will further improve in the current financial year. We expect to better our performance in Animal feed division, by optimising the feed formulation and making suitable adjustments in the selling prices along with the ingredient prices.

At present we are getting sufficient quantity of local copra cake at reasonable price. If the price of coconut oil and copra cake remains at this level and sufficient quantity is available in the market for processing, in the current year, we expect to better our performance.

We are taking all steps to improve the market for ice cream. We are appointing new dealers in untapped areas to improve the volume of sales and thereby utilise more of the unused production capacity. We expect to improve the volume of sale of ice cream and thereby better the margins of Dairy division in the current year.

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.

Capital Expenditure

The office of Koratty Unit has been shifted to the new administrative building costing ₹ 66 lakhs in November, 2011. A new silo for storage of material costing ₹ 35 lakhs has been added in Irinjalakuda Unit. A new tailor made ERP has been implemented in all Units and an amount of ₹ 101 lakhs has been incurred thereto including hardware.

For the future development and expansion of Irinjalakuda Unit, negotiations for acquiring adjacent properties of around 72 Ares are at final stages, which may involve a capital outlay of around ₹ 5.70 crores.

Awards and Recognitions

The Company has won the SEA Award constituted by Solvent Extractors' Association of India for highest processor of coconut oil cake for the year 2010-11. This Award is being received by the Company for the past 21 years consecutively since the inception of the award.

Directors

Shri. K. P. John, Shri John Francis K. and Shri T.R. Ragulal will retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Directors' Responsibility

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that:

- (i) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year.
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the annual accounts have been prepared on a going concern basis.

Corporate Governance

Corporate Governance Report, Management Discussion and Analysis Report and Certificate from Auditors on Corporate Governance have been furnished separately and form part of this report.

Auditors

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

Disclosure of Particulars

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

Particulars of employees

As there are no employees who are drawing the specified remuneration, particulars of employees under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not given.

Acknowledgement

Your Directors wish to place on record their sincere appreciation for the assistance and co-operation received from shareholders, bankers, especially ICICI Bank, Registrars and Share Transfer Agents, customers, distributors and suppliers. Board also acknowledge the valuable committed services of the executives, staff and workers of the Company.

Irinjalakuda
May 30, 2012

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

Annexure A to the Directors' Report

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

A) Conservation of Energy

Every effort has been taken to utilise the energy most efficiently and judiciously using the captive generation capacity of the Company.

The total energy consumption and energy consumption per unit as per Form A in respect of Dairy Division is given below:

FORM A

Form for disclosure of particulars with respect to conservation of energy

	KONIKKARA UNIT		THALAYUTHU UNIT		VEDAGIRI UNIT
	Milk	Ice Cream	Milk	Ice Cream	Ice cream*
A. Power and Fuel consumption					
Electricity					
(a) Purchased					
Unit (Kwh)	4,74,299 (5,00,144)	3,27,627 (2,75,770)	1,38,576 (1,48,541)	81,284 (84,676)	1,74,980 (985)
Total Amount (₹ in lakhs)	18.49 (20.00)	12.78 (11.02)	8.00 (8.03)	4.69 (4.57)	6.88 (0.05)
Rate/unit (₹ /Kwh)	3.90 (4.00)	3.90 (4.00)	5.77 (5.40)	5.77 (5.40)	3.93 (5.20)
(b) Own Generation- Diesel Genset					
Unit (Kwh)	34,541 (41,233)	23,859 (22,729)	31,081 (14,807)	18,231 (8,441)	3,738 (60)
Unit (Kwh) / Litre of Diesel	2.81 (2.72)	2.81 (2.72)	3.24 (2.82)	3.24 (2.82)	2.08 (2.40)
Cost/Unit (₹ /Kwh)	15.83 (15.17)	15.83 (15.17)	13.73 (14.15)	13.73 (14.15)	20.94 (16.90)
B. Consumption per Unit of Production					
Electricity					
(a) Production / Processing (KL)	4,404 (5,232)	666 (710)	3,779 (3,246)	140 (157)	70 (2)
Consumption per KL (Kwh)	115.54 (103.47)	527.76 (420.42)	44.89 (50.32)	710.82 (593.10)	2,553.11 (522.50)

* The ice cream unit at Vedagiri commenced production only on 28th March, 2011 and the figures for the previous year are not comparable.

Note : Figures in bracket denotes the corresponding figures for the previous year.

B) Technology Absorption

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

C) Foreign Exchange Earnings and Outgo

	2011-2012 ₹ in lakhs	2010-2011 ₹ in lakhs
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	2,235.81	1,324.70