



ANNUAL REPORT 2013-2014





CIN : L15331KL1963PLC002028

Registered Office

Solvent Road, Irinjalakuda,
Kerala -680 121

Auditors

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

Cost Auditors

M/s. A. R. Narayanan & Co.
Cost Accountants, Regn. No.: 101421,
Ernakulam.

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
Phone : 0422 6549995
Mail : info@skdc-consultants.com

Annual General Meeting

On Thursday,
25th September, 2014 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

	2013-2014	2012-2013
	₹ in Lakhs	₹ in Lakhs
Sales and other income	80720.11	69825.89
Gross Profit (Profit before Depreciation and Finance costs)	2956.30	1401.84
Profit before tax	2343.87	666.09
Net profit after tax	1537.36	465.30
Shareholders' Equity (Net worth)	4858.09	4069.50
Capital employed	5702.41	4958.21
Gross fixed assets	8110.64	8078.29
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Shareholders' equity per share	151.82	127.17
Earnings per share of ₹ 10 each	48.04	14.54
Dividend rate	200%	100%



Regd. Office : Solvent Road, Irinjalakuda - 680 121
 CIN No.L15331KL1963PLC002028

NOTICE OF THE MEETING

Notice is hereby given that the 50th Annual General Meeting of KSE Limited, Irinjalakuda will be held at the Registered Office of the Company on Thursday, the 25th September, 2014 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. Adoption of Accounts for the year ended 31st March, 2014

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“Resolved that the audited financial statements of the Company for the year ended 31st March, 2014 including balance sheet as at 31st March, 2014 and the statement of profit and loss for the year ended 31st March, 2014 together with the reports of the directors and the auditors of the Company thereon, as presented to the meeting, be and are hereby received, approved and adopted.”

2. To declare dividend on equity shares at the rate of ₹ 20 per equity share

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“Resolved that final dividend of ₹ 20 per equity share on 32,00,000 equity shares of ₹ 10 each, as recommended by the Board, be and is hereby declared out of the profits of the Company for the year ended 31st March, 2014, absorbing an amount of ₹ 7,48,76,800 (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders, whose names appear in the Company's register of members as on 25th September, 2014 and in respect of equity shares held in dematerialised form to those beneficial owners of the equity shares as at the end of business hours on 9th September, 2014 as per the details furnished by the depositories for this purpose.”

3. To appoint a Director in place of Dr. K.C. Vijayaraghavan (DIN : 00111953), who retires by rotation and being eligible, offers himself for re-appointment

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“Resolved that Dr. K.C. Vijayaraghavan (DIN : 00111953), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.”

4. To appoint a Director in place of Mr. P.D. Anto (DIN : 00106965), who retires by rotation and being eligible, offers himself for re-appointment

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“Resolved that Mr. P.D. Anto (DIN : 00106965), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.”

5. To appoint a Director in place of Mr. John Francis K. (DIN : 00107016), who retires by rotation and being eligible, offers himself for re-appointment

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“Resolved that Mr. John Francis K. (DIN : 00107016), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.”

6. Appointment of Auditors

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Varma & Varma, Chartered Accountants (ICAI Firm Registration No. 004532 S), the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the fifty third AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM, held after this AGM), on such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS

7. Appointment of Independent Director

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to Sec.149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule-IV of the Companies Act, 2013, Mr. K.P. John (DIN: 00106897), a non-executive Independent Director of the Company in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. K.P. John, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, as a candidate for the office of Independent Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for a period of five years from the conclusion of this Annual General Meeting and he is not liable to retire by rotation.”

8. Appointment of Independent Director

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to Sec.149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule-IV of the Companies Act, 2013, Dr. Jose Paul Thaliyath (DIN: 01773031), a non-executive Independent Director of the Company in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Dr. Jose Paul Thaliyath, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, as a candidate for the office of Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five years from the conclusion of this Annual General Meeting and he is not liable to retire by rotation.”

9. Appointment of Independent Director

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to Sec.149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule-IV of the Companies Act, 2013, Mr. Joseph Xavier (DIN: 02943750), a non-executive Independent Director of the Company in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Joseph Xavier, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, as a candidate for the office of Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five years from the conclusion of this Annual General Meeting and he is not liable to retire by rotation.”

10. Appointment of Independent Director

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to Sec.149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule-IV of the Companies Act, 2013, Mrs. Sathi A. Menon (DIN: 06931857), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mrs. Sathi A. Menon, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, as a candidate for the office of Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five years from the conclusion of this Annual General Meeting and she is not liable to retire by rotation.”

11. Approval of remuneration to Cost Auditor

To consider and if deemed fit to pass with or without modification the following resolution as an Ordinary Resolution:

“Resolved that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment there of for the time being in force), M/s. A.R. Narayanan & Co, Cost Accountants, Cochin, (ICAI Firm Registration No. 101421) appointed by the Board of Directors of the Company, to conduct the audit of the Cost records of the Company for the financial year ending March 31, 2015 be paid the remuneration of ₹2,50,000 plus service tax and out of pocket expenses.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

12. Approval for acceptance of Deposits from Public/Members

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 73, 76 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Acceptance of Deposits) Rules, 2014 (“the Rules”) (including any statutory modification(s) or re-enactment there of for the time being in force), consent of the Members of the Company be accorded to the Company to invite/accept/renew from time to time unsecured/secured deposits from the public and/or Members of the Company upto the permissible limits as prescribed under the Rules.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board of Directors of the Company (herein after referred to as “the Board” which term shall be deemed to include any Committee there of) be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable for such invitation/acceptance/renewal of deposits by the Company and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

13. To approve Borrowing Limits of the Company

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

“RESOLVED that in supersession of the Resolution passed under Section 293(1)(d) of the Companies Act, 1956, at the Annual General Meeting of the Company held on 27th August, 2009 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board (herein after referred to as the “Board”) for borrowing from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the sum of ₹150 crores (Rupees One Hundred and Fifty Crores only).”

“RESOLVED FURTHER that the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise how so ever as it may think fit and to do all such acts, deeds and things as may be necessary and incidental for giving effect to the above, including execution of all such documents, instruments and writings, as may be required.”

14. To create Charges on the assets of the Company

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

“RESOLVED that in supersession of the Resolution passed under Section 293(1)(a) of the Companies Act, 1956, at the Annual General Meeting of the Company held on 27th August, 2009 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board (here in after referred to as the “Board”) for creation of such mortgages, charges and hypothecations as may be necessary on such of the assets of the Company, movable or immovable, where-ever situate, both present and future, whether paripassu with the existing charges or not, in such manner as the Board may direct, to or in favour of financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, other bodies corporate (hereinafter referred to as the “Lending Agencies”), to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments of an outstanding aggregate value not exceeding ₹150 crores (Rupees One Hundred and Fifty Crores only) together with interest thereon at the agreed

rates, further interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Lending Agencies under their respective Agreements / Loan Agreements / Debenture Trust Deeds, etc. entered/to be entered into by the Company in respect of the said borrowings.”

“RESOLVED FURTHER that the Board be and is hereby severally authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution.”

15. Reappointment of Managing Director

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 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment there to or enactment there of for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956), the consent of the Company be and is hereby accorded to the reappointment of Mr. M.C. Paul (DIN 00105776) as Managing Director of the Company for a period of three years from 23rd October, 2014 to 22nd October, 2017 on the terms and conditions of reappointment and remuneration as set out in the draft agreement of the reappointment submitted to the meeting and initialed by the Chairman for the purpose of identification and that he be paid following remuneration by way of salary, bonus, perquisites and allowances as approved by the Board of Directors of the Company and the Nomination and Remuneration Committee:

a) Salary

₹ 2,00,000 (Rupees Two Lakhs only) per month with annual increment in the scale of ₹ 2,00,000 -10,000 -2,20,000.

b) Bonus

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 V to the Companies Act, 2013.

c) Gratuity

Gratuity, as per the Rules of the Company, at the rate of half a month's salary for each year of completed service including past service with the Company.

d) Contribution to funds

Company's contribution to provident fund will not be included in the computation of the ceiling on perquisites to the extent the same is not taxable under the Income tax Act, 1961.

e) Benefits, Perquisites and Allowances

- i. 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.
- ii. Free use of Company's Mobile Phone and telephone at his residence.
- iii. 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.
- iv. Actual leave travel expenses, as per the Rules of the Company, excluding hotel charges once in a year to any place in India to himself and his family.
- v. Fees to clubs subject to a maximum of two clubs provided that no life membership fee or admission fee is paid.

The value of the perquisites would be evaluated as per Income tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

RESOLVED FURTHER THAT the Board of Directors and the Nomination and Remuneration Committee be and are hereby severally authorised to alter and vary such terms of reappointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013 (corresponding to Schedule XIII to the Companies Act, 1956), as may be agreed to by the Board of Directors and Mr. M.C. Paul.”

“Resolved further that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Managing Director, he will be paid remuneration in terms of Part II of Schedule V to the Companies Act, 2013 including any statutory modification(s) or re-enactments there of or such other limit as may be prescribed by the Government from time to time as minimum remuneration.”

16. Alteration of Articles of Association

To consider and if deemed fit to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sec.14 of the Companies Act, 2013 (hereinafter in this resolution referred to as “the Act”), existing Articles 78, 80, 102 and 110 of the Articles of Association of the Company be and are hereby deleted and in its place the following Articles shall be substituted:

Quorum	78. No business shall be transacted at any general meeting unless a quorum of members as provided in Section 103 of the Companies Act, 2013 is present at the time when the meeting proceeds to business. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting if convened upon the requisition of members, shall stand dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day, time and place as the Board may determine. If at such adjourned meeting also a quorum is not present within half an hour from the time appointed for holding the meeting any two members who are personally present shall be a quorum and may transact the business for which the meeting was called. No notice of the adjourned meeting need be given to the members.
Chairman	80. (a) The Board shall have the power to appoint one among them, including Managing Director or any Executive Director, as the Chairman of the Board. (b) The Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act as chairman, the directors present shall elect one among them to be the chairman of that meeting and if no director present be willing to take the chair, the members present shall choose one among them to be the chairman of that meeting. (c) If a poll is demanded in the election of the chairman, the chairman elected on a show of hands shall exercise all the powers of the chairman and if some other person is elected chairman as a result of the poll, he shall be the chairman for the rest of the meeting.
Number of Directors	102. The number of Directors shall not be less than three and, until otherwise determined by the Company by Special Resolution in general meeting, shall not be more than fifteen including directors nominated by Government, Bank, Financial Institutions or any other person to represent its interest.
Share qualifications	110. The Directors including the nominee directors and independent directors shall not be required to hold any qualification shares.

Notes:

1. The relative Explanatory Statement pursuant to Section 102 of Companies Act, 2013 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.
3. 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.
4. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. Members / Proxies are requested to bring duly filled Attendance Slip to attend the Meeting, along with their copy of Annual Report.
6. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.

7. Relevant documents referred to in the accompanying notice and the explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 will be available for inspection at the registered office of the Company during business hours on all working days up to the date of Annual General Meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 10th September, 2014 to 25th September, 2014 (both days inclusive).
9. The dividend, if declared at the Annual General Meeting, would be paid/despatched on or after 25th September, 2014 to those persons or their mandates:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 9th September, 2014 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
 - (b) whose names appear as Members in the Register of Members of the Company as on 25th September, 2014 after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before 9th September, 2014.
10. Members are requested to note that dividend 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 2007 onwards are requested to lodge their claim with the Company.
11. The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2006, as on the date of the 49th Annual General Meeting (AGM) held on 31st July, 2013, on the website of the IEPF (www.iepf.gov.in) and on the website of the Company at www.kselimited.com.
12. 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.
13. Members holding shares in the electronic mode are requested to approach their respective Depository Participants for effecting change of address and updation of bank account details.
14. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to M/s. S.K.D.C. Consultants Limited, Registrars and Share Transfer Agents of the Company, at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
15. 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.
16. 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.
17. Information pursuant to clause 49 of the listing agreement with the stock exchanges in respect of the directors seeking appointment / re-appointment at the AGM are furnished and forms part of the notice. The directors have furnished the requisite consents / declarations for their appointment / re-appointment.
18. **VOTING THROUGH ELECTRONIC MEANS**

Instructions to Members for e-voting are as under:

In compliance with the provisions of clause - 35B of the Listing Agreements read with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 50th Annual General Meeting scheduled to be held on Thursday, the 25th September, 2014 at 3.00 p.m. by electronic means and the business may be transacted through e-voting. The Company has engaged the services of CDSL as the authorized agency to provide the e-voting facilities as per instructions below.