2022-2023

59th ANNUAL REPORT

KSE LIMITED

KSE LIMITED

Support to Educational Institutions

Support to Dairy Farmers

CSR Activites Undertaken During the Financial Year 2022 - 23

KSE LIMITED

CIN : L15331KL1963PLC002028

Registered Office

Solvent Road, Irinjalakuda,
Kerala -680 121

Statutory Auditors

M/s. Sridhar & Co.
Chartered Accountants
(Firm Reg. No. 003978S)
"Sreenidhi", T. C – 37/ 275,
Fort, Thiruvananthapuram – 695023

Secretarial Auditors

M/s. BVR & Associates Company Secretaries LLP (Firm Regn. AAE-7079),
Swastika, First Floor, Chitteth Building,
P C Road, Vytilla P.O, Cochin - 682019.

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,
"Surya", 35, Mayflower Avenue
Behind Senthil Nagar
Sowripalayam Road
Coimbatore – 641028.
Phone : 0422 4958995, 2539835,2539836
Mail : info@skdc-consultants.com

Internal Auditors

M/s. Varma & Varma,
Chartered Accountants,
Thrissur

M/s. Srikishen & Co.,
Chartered Accountants
Coimbatore - 641 006

M/s. C. Krishnakumar & Associates
Chartered Accountants,
Trichur - 680 002

Chief Financial Officer

R. Sankaranarayanan

Company Secretary

Srividya Damodaran

Annual General Meeting

On Saturday,
26th August, 2023 at 3.00 p.m.

Venue

Registered Office,
Solvent Road, Irinjalakuda - 680 121

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KSE LIMITED

BOARD OF DIRECTORS

Sl. No.	Name	DIN	Designation
1	Mr. Tom Jose	01971467	Chairperson Non-Executive - Non Independent Director
2	Mr. M.P. Jackson	01889504	Managing Director
3	Mr. Paul Francis	00382797	Executive Director
4	Mr. P.D. Anto	00106965	Non-Executive - Non Independent Director
5	Mrs. Marykutty Varghese	07307987	Non-Executive - Non Independent Director
6	Dr. Pyarelal K.C.	00923913	Non-Executive - Non Independent Director
7	Ms. Danesa Raghulal	07975553	Non-Executive - Non Independent Director
8	Mr. Dony A.G.	09211623	Non-Executive - Non Independent Director
9	Ms. Simi Davis	09752318	Non-Executive - Non Independent Director
10	Ms. Seema Davis	08125964	Non-Executive - Non Independent Director
11	Dr. Jose Paul Thaliyath	01773031	Non-Executive - Independent Director
12	Mr. Verghese C.V.	00779894	Non-Executive - Independent Director
13	Mr. Jose John	01797056	Non-Executive - Independent Director
14	Mr. Paul Jose Thaliyath	01616504	Non-Executive - Independent Director
15	Mrs. Nina Paul	08576074	Non-Executive - Independent Director

Financial Highlights

	2022-2023 ₹ in Lakhs	2021-2022 ₹ in Lakhs
Sales and other Income	**161540.18**	167605.45
Gross Profit (Profit before Depreciation and Finance costs)	**226.33**	1704.99
Profit before tax	**(298.63)**	927.88
Profit / (Loss) for the year (after tax)	**(238.14)**	657.13
Other Comprehensive Income (net of tax)	**5.30**	32.25
Total Comprehensive Income (after tax)	**(232.84)**	689.38
Shareholders' Equity (Net worth)	**21405.16**	22278.00
Capital employed	**22755.27**	23520.50
	₹	₹
Shareholders' equity per share	**668.91**	696.19
Earnings per share of ₹10 each	**(7.44)**	20.54
Dividend	**200%**	200%

Message from the Chairman

Shri. TOM JOSE, IAS (Retd.)

Chairman

Dear Shareholders:

Greetings!

It is my privilege to present the Annual Report of KSE for Fiscal Year (FY) 2022-23.

Before reviewing KSE's performance, it's important to set the context. The repercussions of the turbulent economic times that surround us have made managing organizations challenging and we are not immune to them.

As the global economy was rebounding from the pandemic induced distress, the outbreak of the Russia-Ukraine conflict in February 2022 added additional pressures on the system leading to continued supply chain challenges as well as inflationary pressures. The commodity prices soared to record levels due to the impending logistics and supply chain disruptions amid growing demand from the large consumption driven economies. The industry witnessed unprecedented inflation in input commodities such as soybean meal, maize, coconut cake, and de-oiled rice bran cakes. Rising energy costs added additional punch to the inflationary situation.

However, KSE continues to operate on its original promise of providing excellent value and service to our customers and shareholders. The recent economic, environmental, and internal operational challenges have tested the company as never before. To regain profitability, the company must carefully navigate the priorities of growth, price competitiveness, and our stakeholder commitments. While there were no easy solutions to the challenges faced during the financial year, we did not waver in our resolve to deliver on short-term expectations, make progress on our long-term ambitions, and remain true to our core values.

KSE's performance for FY 2022-23 has been mixed. Total Turnover for FY 2022-23 is ₹160988.36 lakhs as against ₹167005.82 for FY 2021-22. The net loss before tax for FY 2022-23 is ₹298.63 lakhs as against net profit before tax of ₹927.88 lakhs for FY 2021-22.

The sales volume of the Livestock Feed decreased whereas the Coconut Oil division and the Milk Procurement and Processing divisions increased. However, increase in the sales volume did not translate into increased profit as the additional cost of production was not passed on to the customers in the form of enhanced prices. As a result, the company overall suffered a loss for the year. The details of the performance of the three divisions are as follows.

Livestock Feed Division: The sales volume of cattle feed for FY 2022-23 is at 545611 tons as against 620377 tons during FY 2021-22 resulting in a reduction of 12.05%.

Coconut Oil Division: The processing of copra cake reduced by 9.72% in the year 2022-23. Further, due to the steep fall in the price of refined coconut oil during the year, the turnover of cake processing line reduced by 11.94%.

Dairy (Milk Procurement and Processing) Division: The volume of sale of milk increased by 23.76% compared to previous year. As a consequence of state government's price policy, there was constraint on the company to decide on the selling price to match the price of procurement. Ice cream, one of the major products of the division, showed a strong growth in sales volume, however, this did not result in profitability mainly due to the increased cost of raw material procurement. As the main ingredient for ice cream is milk and cream, the cost of production of ice cream increased with the increase in the cost of milk. Another factor that weighed negatively on the bottom line is ₹2.70 crores spent for advertisements on marketing of ice cream under the brand name Vesta. By consistent efforts, the sales volume of ice cream registered a growth of nearly 40% in the current year under report; however, the net result was a loss. As part of market entry strategy, the prices of all varieties of ice cream were slightly lower than that of other competing brands, and at the same time, the highest quality was ensured. Thus, Dairy division as a whole reported a loss of ₹6.42 crores in year 2022-23.

As you all are aware, KSE has maintained a steady dividend payout during the previous years. During last five years we have paid dividends of 600%, 150%, 200%, 1000%, and 200% respectively. In order to maintain continuity in payment of dividend, despite losses, your Board has recommended a dividend of 200% this year as well.

The share prices of a company are considered as an indicator of its health and market acceptability. For the last several months, KSE's share prices have been fluctuating rather wildly. From ₹2166.55 on April 1, 2022, it has gone down to ₹1714.60 as this message goes to print on 25th May 2023. Your Board has noticed this tendency and is formulating a strategy for market stabilisation which will be explained elsewhere in this message.

In spite of the overall loss for FY 22-23, the future of the company looks bright. Strong consumer demand, a commitment to strategic growth, and a value proposition based on customer service, quality, and cost competitiveness promise to take KSE to new heights.

Customer demand for KSE's products remain strong. India currently represents one of the largest feed producers in the world. The rising demand for meat and animal-based products, along with the increasing commercial livestock production, is primarily driving the Indian animal feed market. According to experts, the Indian animal feed market size is further expected to grow at a CAGR of 8.7% between 2023 and 2028. Further, India is among the world's largest manufacturers of dairy products, which is a major driver for the India ice cream market. Ice cream is currently considered to be one of India's most popular desserts. Due to the prevailing hot and humid climate in the region, as well as the shift in customer food tastes, dessert sales are constantly increasing throughout the region. KSE is confident of tapping the Kerala and Tamil Nadu markets with its wide variety of premium products and thereby reaching the target turnover and profitability. Sales volume of refined coconut oil is at 9143 tons for FY 2022-23 as against 8751 tons for FY 2021-22 resulting in 4.48% growth. The average realisation for coconut oil is ₹1.19 lakhs per ton during the year 2022-23, whereas the same was ₹1.47 lakhs and ₹1.54 lakhs per ton respectively for years 2021-22 and 2020-21. In March, 2021 the coconut oil price was around ₹1.90 lakhs per ton which came down to the level of ₹1.15 lakhs per ton in March, 2023. Due to the steep fall in the price of refined coconut oil during the year 2022-23, the turnover of cake processing division reduced by 11.94%.

KSE is committed to strategic growth. Your company is taking significant steps towards becoming growth oriented and building strong organizational capabilities. The company has decided to formulate a growth strategy for upcoming years. Grant Thornton, an internationally acclaimed accounting and consulting agency, has been engaged to conduct a detailed strategic study of the opportunities and threats of the external marketplace conditions as well as the strengths and weaknesses of the internal operations of the company. This study will add in the formulation and implementation of additional strategies necessary to achieve the major strategic goals of the company – strong profitability, operational excellence, and accountability to shareholders. Diversifying its businesses into different profitable sectors and exploring new geographic markets are deemed important to meet the challenges of the future. Operational efficiencies will be aggressively sought to improve margins and regain profitability. Investing in the company's future through increased research and development efforts as well as employee learning and training is an important part of our strategic plan. The first ever letter to shareholders in KSE's history is a step to provide more transparency to the reporting of financial results as well as an indication to the directions the company is planning to take. In future, we will also report on important non-financial metrics, such as company's efforts on improving social and environmental sustainability and its contribution in nation building.

We will build on KSE's rich heritage and long-standing brand commitment to quality, customer service and value. We are confident in overcoming this difficult phase and returning the company to its record of solid profitability soon. Your company is committed to strengthening its core businesses, accelerating innovation and unlocking efficiencies while exploring new opportunities, both organic and inorganic, in building for the future.

I am grateful to all stakeholders and business partners for their contributions. The loyalty and confidence of our customers, the dedication of our employees, and the unwavering support of our suppliers, dealers, and retail partners have been instrumental in the steady progress the company has made thus far. Though we are one of the largest manufacturers of compound cattle feed in India, we still remain a small company at heart – committed to our farmers, consumers of dairy products, employees and local communities.

Dear fellow shareholders, I value your partnership immensely and solicit your assistance and cooperation on this journey of taking our company to new heights together.

Thank you.

KSE LIMITED

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

NOTICE OF THE 59TH ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting (AGM) of the members of KSE Limited, Irinjalakuda will be held at the Registered Office of the Company, Irinjalakuda - 680 121 on Saturday, the 26th August, 2023 at 3.00 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. Adoption of Accounts for the year ended 31st March, 2023

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, 2023 including the balance sheet as at 31st March, 2023 and the statement of profit and loss for the year ended 31st March, 2023 together with the reports of the board of directors and the auditors of the Company thereon, as presented to the meeting, be and are hereby received, approved and adopted."

2. Declaration of 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 dividend of ₹ 20 per equity share on 32,00,000 equity shares of ₹ 10 each be and is hereby declared for the financial year ended 31st March, 2023, utilising the the retained earnings created out of distributable profits of the Company, thereby absorbing an aggregate amount of ₹ 6.40 crores and that the dividend of ₹ 20 per equity share of ₹ 10 each as recommended by the Board of Directors of the Company at their meeting held on 25th May, 2023 be paid to those shareholders, whose names appear in the Company's register of members as on 26th August, 2023 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 19th August, 2023 as per the details furnished by the depositories for this purpose."

3. Reappointment of Director, retiring by rotation, Dr. Pyarelal K.C. (DIN : 00923913)

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

"RESOLVED THAT Dr. Pyarelal K.C. (DIN : 00923913), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company."

4. Reappointment of Director, retiring by rotation, Mr. Dony A.G. (DIN : 09211623)

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

"RESOLVED THAT Mr. Dony A.G. (DIN : 09211623), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company."

5. Reappointment of Director, retiring by rotation, Ms. Danesa Raghulal (DIN : 07975553)

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

"RESOLVED THAT Ms. Danesa Raghulal (DIN : 07975553), who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a director of the Company."

SPECIAL BUSINESS

6. 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 an Ordinary 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 thereof 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 up to the permissible limits as prescribed under the Rules.

RESOLVED FURTHER 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 thereof) 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."

7. 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 thereof 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 31st March, 2024 be paid the remuneration of ₹2,25,000 plus GST 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."

Irinjalakuda
25th May, 2023

By Order of the Board
For **KSE** Limited

Sd/-

Srividya Damodaran
Company Secretary

REGISTERED OFFICE
Solvent Road, Irinjalakuda – 680121
Thrissur – KERALA.
CIN : L15331KL1963PLC002028
Web Site : www.kselimited.com
E Mail : investor.relations@kselimited.com
Phone : +91480 2825476; 2825576 (Extn: 234)

NOTES

1. The relative Explanatory Statement pursuant to Section 102 of Companies Act, 2013 in respect of the Special Businesses set out above is annexed hereto.

2. As provided in Section 105 of the Companies Act, 2013, **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other member. If a Proxy is appointed for more than fifty Members, the Proxy shall choose any fifty Members and confirm the same to the Company not later than 48 hours before the commencement of the meeting. In case, the Proxy fails to do so, only the first fifty proxies received by the Company shall be considered as valid.

   Proxies, in order to be effective, should fill in the proxy form duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies and other bodies shall be supported by an appropriate resolution / letter of authority, as applicable.