

KSE LIMITED

MINUTES OF THE 51ST ANNUAL GENERAL MEETING

Nature of Meeting : Annual General Meeting
Venue : Registered Office, Irinjalakuda
Date : 19.09.2015 Time : 3.00 P.M.

Present

I. Directors

Sl	Name	Designation
1.	Dr. Jose Paul Thaliyath	Chairman /Independent Director
2.	Mr. M.C. Paul	Managing Director
3.	Mr. A.P. George	Director and Legal Advisor
4.	Mr. P.D. Anto	Director
5.	Dr. K.C. Vijayaraghavan	Director
6.	Mr. John Francis K.	Director
7.	Mr. T.R. Ragulal	Director
8.	Mr. Joseph Xavier	Independent Director
9.	Mrs. Sathi A. Menon	Independent Director
10.	Mr. Paul John	Independent Director

II. Shareholders

Shareholders	Present in Person	Present through Proxy	Total
Promoters and Promoter Group (including promoter directors)	15	--	15
Public	176	10	186
Total	191	10	201

In Attendance

- I. Mr C. Pankajakshan –Managing Partner, Varma & Varma, Chartered Accountants – Statutory Auditors
- II. Mr Sathish V – Secretarial Auditor
- III. Mr Anand Menon – Chief General Manager
- IV. Mr. R. Sankaranarayanan, Chief Financial Officer and Company Secretary

Chairman

Dr. Jose Paul Thaliyath, Chairman presided over the meeting.

Quorum

The Chairman declared that pursuant to the provisions of Section 103 (1) (a) (2) of the Companies Act, 2013, fifteen members personally present shall form the quorum for the meeting. Since more than 15 members are present in person for the meeting, Chairman declared that there is proper quorum.



For KSE Limited

R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

Condolence

The Chairman proposed that the following condolence resolution be passed on the sad demise of Late P.K. Varghese:

"We, the members of KSE Limited, place on record our profound grief and deep sense of sorrow at the sad demise of Sri. P.K. Varghese, on 12th July, 2015 at 10.00 p.m. Sri. P.K. Varghese, who joined as a Director of KSE Limited on 29.12.1970, was closely associated with us for about 45 years as Director of this Company, as whole-time Director from 1.11.1994 and then as Executive Director from 01.09.2007 till his death. His active participation in the discussions and his learned and valuable advices have contributed much to the progress of the Company. We pray God almighty to give strength and courage to the bereaved family to bear this irreparable loss. May his Soul rest in peace."

"RESOLVED further that Managing Director be and is hereby authorised to send a copy of this resolution to the family of Sri. P.K. Varghese."

After passing the resolution unanimously, the members observed silent prayer paying homage to the departed soul.

Chairman's Speech

Welcoming the members to the 51st Annual General Meeting, Chairman noted condolence on the unfortunate demise of Executive Director Sri P.K. Varghese on 12.07.2015. He also remembered the services of Mr. K.P. John, who had resigned from Board on 8.1.2015 due to ill health. Before dealing with the working results, he had expressed a word of caution to the investor public that the expectation of repeat performance shall always to be discounted for the uncertainties of the Animal Feed Division and that of Cake Processing Division.

He informed that the turnover and results of the Company for the year 2014-15 was the best in the history of the Company. He informed that the turnover of the Company for the year 2014-15 has increased by 12 %. He added that the company had earned after tax profit amounting to 43.63 crores for the year 2014-15 and that considering the same the Board has recommended a dividend of 500 % and that after reducing the interim dividends of 300 % already distributed, the final dividend proposed is 200 % .


He has informed the meeting that the property at Mysore having extent slightly above 4 acres has been sold for a net consideration of Rs. 12.90 crores in August, 2014 and the sales proceeds will be utilised for augment of the working capital.

He then presented the performance of the three divisions cattle feed, oil cake processing and Dairy separately during the year 2014-15 and also discussed the prospects of these divisions in the current year.

He emphasized that the growth that was achieved by the Company was by the sincere and cooperative efforts of the Board of Directors, Chief General Manager, Corporate Managers, Managers, Officers, Staff and Workers of all units.

He thanked the shareholders, employees, dealers, suppliers, Auditors, Bank and other agencies connected with the business of the Company for their wholehearted cooperation.



For KSE Limited

R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

Statutory Registers and Documents

Statutory registers and documents required to be made available for the members during the meeting remained open and accessible during the continuance of the Meeting.

Notice of meeting

The Notice of the meeting dated 23.07.2015 was read and with the approval of members, the Chairman declared that the Balance sheet, Statement of Profit and Loss, Board's Report and Auditor's Report which have already been circulated among the members be taken as read.

Business Agenda and announcement of results for e-voting and postal ballot

The Chairman informed the Members that pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 the Company had extended e-voting facility and further in terms of Clause 35B of the Listing Agreement facility of Physical Ballot is also extended to the members of the Company in respect of businesses to be transacted in the Annual General Meeting. Further, in terms of Rule 20 of the Companies (Management and Administration) Rules, 2014 facility for voting through ballot has been provided at the Venue of the Annual General Meeting to those members who have not voted earlier either by E-voting or by Physical ballot. The e-voting commenced from 16th September, 2015 at 9.00 a.m. and ended on 18th September, 2015 at 5.00 p.m. The last date fixed for receipt of physical ballot was 18th September, 2015 at 5.00 p.m. The Board has appointed Mr. Sathish V., Practicing Company Secretary as the Scrutinizer for scrutinizing the e-voting and postal ballot process. It was also informed that after scrutiny of the votes casted in the e-voting, physical ballot and voting during AGM for all the ten resolutions, Mr. Sathish V. will submit the Report. It was further informed that Chairman has authorised Mr. R. Sankaranarayanan, CFO & CS to countersign the Scrutiniser's Report of the total votes cast in favour or against, if any, and thereafter to declare the result of the voting forthwith and to publish the same in the website of the company.

ORDINARY BUSINESS – Ordinary Resolutions

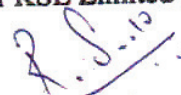
1. Adoption of Accounts for the year ended 31st March, 2015 - Ordinary Resolution

Proposed by : Mr. Ivan Gueizelar

Seconded by : Mr. M.L. Babu

"Resolved that the audited financial statements of the Company for the year ended 31st March, 2015 including balance sheet as at 31st March, 2015 and the statement of profit and loss for the year ended 31st March, 2015 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."



For KSE Limited

R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

2. To declare dividend on equity shares at the rate of Rs. 50 per equity share - Ordinary Resolution

Proposed by : Mr. P.D. George

Seconded by : Mr. P.C. Raju

“RESOLVED THAT dividend of Rs. 50 per equity share on 32,00,000 equity shares of Rs.10 each be and is hereby declared out of the profits of the Company for the year ended 31st March, 2015, including the interim dividends declared by the Board of Directors of the Company on 12th February, 2015 and 25th March, 2015 aggregating to Rs. 30 per equity share of Rs. 10 each, absorbing a total amount of 19,22,23,248 (including dividend distribution tax and cess thereon) and that the final dividend of Rs.20 per equity share of Rs. 10 each as recommended by the Board of Directors of the Company at their meeting held on 30th May, 2015 be paid to those shareholders, whose names appear in the Company’s register of members as on 19th September, 2015 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 31st August, 2015 as per the details furnished by the depositories for this purpose.”

3. To appoint a Director in place of Mr. A.P. George (DIN : 00106808), who retires by rotation and being eligible, offers himself for re-appointment - Ordinary Resolution

Proposed by : Mr. P.D. Jose

Seconded by : Mr. Ivan Gueizelar

“RESOLVED THAT Mr. A.P. George (DIN : 00106808), 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. T.R. Ragulal (DIN : 00361070), who retires by rotation and being eligible, offers himself for re-appointment - Ordinary Resolution

Proposed by : Mr. M.S. Premkumar

Seconded by : Mr. I.G. Prasannan

“RESOLVED THAT Mr. T.R. Ragulal (DIN : 00361070), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company.”

5. Ratification of Appointment of Auditors - Ordinary Resolution

Proposed by : Mr. M.L. Babu

Seconded by : Mr. Ebin Paulson

“RESOLVED THAT the members do and hereby ratify the appointment of M/s. Varma & Varma, Chartered Accountants (ICAI Firm Registration No. 004532 S) as Auditors of the Company in the Annual General Meeting (AGM) held on 25th September, 2014 till the conclusion of the fifty third AGM of the Company to be held in the year 2017, 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, 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”



For KSE Limited

R. Sankaranarayanan
R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

SPECIAL BUSINESS – Ordinary Resolutions

6. Appointment of Independent Director - Ordinary Resolution

Proposed by : Mr. A.C.S. Warriar

Seconded by : Mr. P.D. George

“RESOLVED THAT pursuant to Sec.149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made there under, read with Schedule-IV of the Act, Mr. Paul John (DIN: 00601440), who has been appointed as an Independent Director by the Board in its meeting held on 12th February, 2015 in the casual vacancy arising out of the resignation of Mr. K.P. John (DIN: 00106897) to hold the office till the date the outgoing director Mr. K.P. John (DIN: 00106897) would have held office, had it not been vacated, that is, upto 25th September, 2019 and 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. Paul 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 upto 25th September, 2019 and he is not liable to retire by rotation.”

7. Approval of remuneration to Cost Auditor - Ordinary Resolution

Proposed by : Mr. Antony Paul

Seconded by : Mr. A.L. Jose

“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, 2016 be paid the remuneration of Rs.1,75,000 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.”



For KSE Limited


R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

8. Approval for acceptance of Deposits from Public/Members - Ordinary Resolution

Proposed by : Mr. A.V. Paul

Seconded by :Mr. N.L. Jose

“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 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.”

9. Approval for enhancement of remuneration to Mr. P.K. Varghese, Executive Director - Ordinary Resolution

Proposed by : Mr. Ivan Gueizelar

Seconded by : Mr. M.S. Premkumar

“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, the consent of the Company be and is hereby accorded to the enhancement of remuneration, by way of salary, bonus, perquisites and allowances of Mr. P.K. Varghese (DIN 00106697), Executive Director of the Company within the tenure of his current appointment, from 1st April, 2015 till his death on 12th July, 2015 as follows which is as approved by the Nomination and Remuneration Committee and also by the Board of Directors of the Company in their meeting held on 25th March, 2015:

- a) Salary
Rs. 1,30,000 (Rupees One Lakh Thirty Thousand only) per month.
- 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 with in the overall limit under Schedule V to the Companies Act, 2013.



For KSE Limited

R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

- 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 to the extent the same is not taxable under the Income tax Act, 1961.
- e) Benefits, Perquisites and Allowances
- 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.
 - Free use of Company's Mobile Phone and telephone at his residence.
 - 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
 - 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.
 - 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 in the event of there being inadequacy or absence of profits during the above period, 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."

10. Posthumous benefits to Late P.K. Varghese, Executive Director - Ordinary Resolution

Proposed by : Mr. I.V. Johnson

Seconded by :Mr. Sibi Paul

"RESOLVED THAT Mrs. Marykutty Varghese, wife of Late P.K. Varghese who was Executive Director of the Company, be paid Rs. 3,90,000 (Rupees Three Lakhs Ninety Thousand only), which is equivalent to three month's last drawn salary of Late P. K. Varghese, as Leave Salary and that the Hundai Motors Neo Elantra CRDI SX motor car with Registration No. KL - 45 H 8644 owned by the Company and being used by Late P.K. Varghese for official purposes of the Company, purchased on 18th October, 2012 for Rs. 16,63,170 and having a written down value of Rs. 6,09,822 as on 23rd July, 2015, be handed over to Mrs. Marykutty Varghese, wife of Late P.K. Varghese as a reward from the Company for the selfless services rendered by him towards the growth and development of the Company during the period of his association with the Company spanning over a period of 45 years"

Mr. Anand Menon, Chief General Manager thanked the members for their cooperation in the successful conduct of the meeting.

The Chairman declared that the proceedings of the meeting are over.

The meeting came to a close with vote of thanks to the Chair at 4.30 P.M.



For KSE Limited

R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

Voting Results

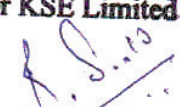
The Scrutiniser's Consolidated Report dated September 21, 2015, inter alia, containing the voting results of the remote e-voting and the physical ballot as per clause 35B of the Listing agreement and the physical ballot at the venue of the AGM was received and declared, the same day as follows:

Sl. No.	Resolution	No. of votes cast		
		In favour	against	Total
ORDINARY BUSINESS				
1	Adoption of audited financial statements along with reports of directors and auditors for year ended 31 st March, 2015	1056538	0	1056538
2	Declaration of dividend for year ended 31 st March, 2015	1056538		1056538
3	Reappointment of Mr. A.P. George, retiring by rotation and seeking re-election	1056331	207	1056538
4	Reappointment of Mr. T.R. Ragulal, retiring by rotation and seeking re-election	1056530	8	1056538
5	Ratification of Appointment of statutory auditors and fixing their remuneration	1056534	4	1056538

SPECIAL BUSINESS				
6	Appointment of Mr. Paul John as an Independent Director	1056537	1	1056538
7	Approval of remuneration of Cost Auditor	1056537	1	1056538
8	Approval for acceptance of Deposits from Public and/or members	1036095	20443	1056538
9	Approval for enhancement of remuneration to Mr. P.K. Varghese, Executive Director	1056331	207	1056538
10	Approval for payment of posthumous benefits to Late P.K. Varghese, Executive Director	1056284	254	1056538

In terms of the said Report and results, the above resolutions under the Ordinary businesses, as set out in items of No. 1 to 10 in the Notice of the Annual General Meeting were approved by the requisite majority and recorded hereunder as part of the proceedings of the 51st Annual General Meeting held on 19th September, 2015.



For KSE Limited

R. Sankaranarayanan
 Chief Financial Officer and
 Company Secretary

CHAIRMAN

KSE LIMITED
**Chairman's Address by Dr. Jose Paul Thaliyath at the
51st Annual General Meeting
on 19th September, 2015 at 3.00 P.M.**

Respected Directors and Honourable Shareholders,

It gives me immense pleasure while welcoming you all for the 51st Annual General Meeting of your Company. I am greatly pleased to deliver my maiden speech in this august gathering, particularly when the Company has posted record working results since its inception.

But this joyous occasion is dampened by the memories of our Executive Director Sri P.K. Varghese with whom I had worked as a co-director. His demise on 12th July, 2015 was totally unexpected. May his soul rest in peace.

We also had to cope up with another separation in the Board. Mr. K.P. John, resigned from the Board on 8th January, 2015 due to ill health. I place on record our appreciation for the services of Mr. K.P. John, as director from 15.04.1969, as member of the Management Committee from 31.10.1994, as the Chairman of Audit Committee from 28.09.2002 and as Chairman of Nomination and Remuneration Committee from 01.09.2007. I take this opportunity to thank him for his active participation and deliberations in the meetings and his learned and valuable advices which had contributed to the development and progress of the Company.

We have a new incumbent to the Board, Mr. Paul John, who is a graduate civil engineer. He has rich experience in oil milling and by his close association with a leading oil milling company located in Irinjalakuda. He was appointed by the Board in the casual vacancy arising out of the resignation of Mr. K.P. John. A proposal for his appointment as an Independent Director is placed before you for your approval.

Before deliberating on the working results, I wish to bring an important point to your attention. We are discussing on the performance of our Company in its 51st year. It is unusual for a Company to survive and flourish in the challenging environment that is typical to Kerala for more than half a century.



For KSE Limited

R. Sankaranarayanan
R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

The world bank study along with Department of Industrial Policy and Promotion "Assessment of State implementation of business reforms" released this Monday has ranked Kerala in the eighteenth place with a score of 22.87 %. Gujarat, is ranked as the best Indian State to do business in, with a score of 71.14 %. In the study the eight most important parameters on which States were evaluated were : setting up a business, allotment of land and obtaining construction permit, complying with the environment procedure, complying with labour regulations, obtaining infrastructure-related utilities, registering and complying with tax procedures, carrying out inspections and enforcing contracts.

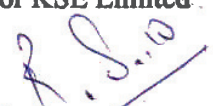
The Company could negotiate the challenges in the business environment by the various policies adopted by the Management from its inception. Especially, the policies on the management of labour, financial discipline, risk management, marketing and after sale services, assurance of quality of the product and utmost transparency in every transaction of your Company. Your Company has grown year after year and has secured a coveted place in the industrial map of Kerala. With enviable results reported by the Company in the last year, investors across India are watching us with great interest.

The main business of the Company, that is of animal feed, is operating in a very volatile environment. The working results are dependent on the market prices of major ingredient like Rice bran, Maize and de-oiled cakes. As all these are agricultural commodities, market rates of these are influenced by many factors such as rainfall, change in the agricultural pattern, yield, the export opportunities, local demand, etc. etc. When the above factors act in our favour, the commodity prices tend to be low, thus reducing our cost of production. Last year all these factors were in our favour and our Company showed a record performance. Such a favourable environment may not be easy to replicate.

As you know, the performance of cake processing division is dependent on availability of local oil cakes at reasonable rates. We import cake when the factors such as availability, quality and price are favourable for our operations. This also helps in balancing domestic cake price which is dependent on the domestic crop and demand. Another major factor controlling profitability of cake processing division is the domestic price of coconut oil, which is effected by various factors such as availability and price of substitute vegetable oils, variations in quantity of cheaper imported vegetable oils, its local demand etc.



For KSE Limited


R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

Last year it so happened that all the positive factors controlling the profitability of Animal Feed Division and Cake Processing Division were present for most of the year 2014-15. And, that is how your Company clocked unprecedented results.

I have great pride to address you when your company has completed one of its finest years, with the highest revenue and profit at any time in the history of our Company. I congratulate the entire management team and the nearly 1000 employees of the company who jointly had put in their efforts to achieve this incredible performance.

Let us deal with the numbers now. I assume that all of you would have gone through the annual report already circulated. The turnover of the Company improved by 12 % from Rs. 806 crores to Rs. 900 crores in the year under report. The profit after tax has improved to Rs. 43.63 crores compared to earlier year figure of Rs. 15.37 crores. The profit of Rs. 43.63 crores for the year 2014-15 includes Rs. 10.45 crores relating to the profit on sale of the Properties in Mysore.

Based on the performance of the Company, we have recommended a dividend of 500 % for the year 2014-15. Out of this, we had already distributed 300 % as interim dividend in two installments. The final dividend of 200 % will be distributed at the earliest. We believe that shareholders will accept our recommendation for the dividend payout whole heartedly. This is a worthy gift to our loyal shareholders, who have reposed their confidence in our Company from the beginning.

Setting aside the profit on sale of the Mysore property, which is of exceptional nature, the profit after tax from Normal business is Rs. 34.90 Crores, compared to the previous year after tax profit of Rs. 15.37 Crores. As already explained earlier, both Animal feed division and cake processing division had performed extremely well in the year under report due to the favorable factors already discussed, and finally resulted in a record performance in the history of your Company.

In the animal feed division, the volume of feed sales improved by 9.70 % to 4.40 lakh tons from the previous year volume of 4.01 lakh tons. The ingredient prices were almost steady through out the year 2014-15 and hence the sales price of feed was also steady. This in turn helped us to improve the volume also. The profit in the animal feed division improved to Rs. 25.80 crores compared to previous year figure of Rs. 17.01 crores.



However, in the current year 2015-16, the price of all major ingredients has gone up considerably and the margin in the Animal feed division is under strain. We have adjusted the selling prices of the feed to match the ingredient cost as much as practicable. We expect the same situation to continue till November, 2015. Thereafter the ingredient prices are expected to fall on better arrivals during season. We also believe that this year we can consolidate on the volume of 4.40 lakh tones that we have achieved in the previous year.

In the cake processing division, through out the year under review, the price of copra cake was stable at reasonable levels. We had imported around 21000 tons of copra cake from Indonesia and Philippines in 2014-15. At the same time the price of coconut oil also ruled above Rs. 120 per Kg. The volume of cake processed also improved from 64000 tons in the previous year to 68500 tons in year 2014-15. Thereby, the profit in the cake processing division improved to Rs. 29.56 crores from Rs. 7.84 crores in the previous year.

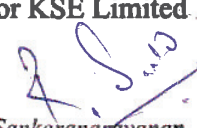
In 2015-16 we had already imported 23,000 tons of copra cake and we have also booked imports of 12,000 tons of Copra cake to meet our requirement upto January, 2016 at reasonable rates. However, price of coconut oil is highly volatile in the current year. One of the serious challenges to us is the prominence of Kangeyam market in oil business. The coconut oil price is now being controlled by the Kangeyam market, which hither to was controlled by the Cochin Market.

In May, 2015, the coconut oil price was around Rs. 130 per kilogram. Thereafter, the coconut oil price crashed to Rs. 87 per kilogram and slowly picked up and improved upto Rs. 118 per kilogram during onam season. Afterwards, the rates dropped to the level of Rs. 100 per kilogram. If coconut oil price remains steady around Rs. 120 per kilogram for the remaining part of the year, we can generate reasonable profits in the cake processing division. As in last year, we continue to utilise the out-sourced facilities at Kanjikode for processing a portion of the imported copra cake, which acts as a buffer and helps us to handle large volumes of copra cake at a time.

In the year 2013-14, volume of ice cream sales improved by 14 %, and was flat at 1088 kilo litres in year 2014-15. Major portion of the milk handled by our Company is procured from Tamil Nadu and sold in Kerala. We were enjoying good margin in this arrangement as our procurement cost in Tamil Nadu was less. However, in year 2014-15, the procurement rate of milk went up in Tamil Nadu and the margin on sale in Kerala narrowed. This had affected the profit margin of that division heavily. Dairy Division reported a profit of Rs. 19.98 lakhs compared to Rs. 159.69 lakhs in the previous year.



For KSE Limited


R. Sankaranarayanan
Chief Financial Officer and
Company Secretary

Off late, the procurement rate of milk in Tamil Nadu has eased, which provides us some comfort in the Dairy division. We had allocated additional funds for promotion of ice cream through advertisement. We hope this will help us to increase the volume of sale of ice cream and thereby bring in more profit in that division.

Reviewing the Indian Economic scenario, a lot of changes happened on the economic front since last Annual General Meeting. The SENSEX moved upto 30,000 in February and March, 2015 and remained around 29,000 levels for quite some time. Now the index has eased to the level of around 25700.

During last Annual General Meeting the share price of your Company was Rs. 376 per share. This has slowly moved upward and was around Rs. 700 as on 31st March, 2015. The rate further moved upward and touched Rs. 1263 a share and after the first quarter result of current year, the price went down and is now trading at the level of Rs. 690 per share.

As I discussed in the beginning, the market sentiment was very high, which pulled the share price up and when the current working results went against the market expectation, the price eased. We are working in an environment wherein there is high volatility in the ingredient prices, which is controlled by various factors such as availability of rain, sowing pattern across the country, final result of crops, international prices of grains and deoiled cakes and export trends. All these affect the supply of each ingredient and the cost vary accordingly. To work in such a situation is very challenging, where in we have to exercise some restraint in passing on the increase in ingredient cost to the ultimate consumers. This has to be factored in while projecting the working results of your Company.

An unexpected devaluation of the yuan by China in August, 2015, the most severe one in about 20 years, had created shockwaves across the currency markets globally. Among others, rupee was also affected. Rupee depreciated from the comfortable level of Rs. 62 a dollar to around Rs. 66.50 per dollar. This will marginally increase our import cost.

Taking a cue from the decision of the US Federal Reserve, as released yesterday, to keep the rates unchanged, contrary to the global fear that it may increase them, boosted sentiments in financial markets, which helped the rupee to recover strongly against the dollar to Rs. 65.67 a dollar, while stocks gained smartly.



During the first quarter of 2015-16 the Gross Domestic Product (GDP) is estimated to have grown by 7.50 % and in the second quarter the GDP growth is by 7.00 %, which was against the market expectation of 7.40 %. The growth in the index of industrial production for June, 2015 was 4.40 % and that for July, 2015 it was 4.20 %, which are the highest from February, 2015. The growth recorded a year ago was a mere 0.90 %. This indicates steady improvement in the economic growth.

Inflation based on the wholesale price index (WPI) decelerated for the tenth consecutive month, and was negative 4.95 per cent in August compared with negative 4.05 per cent in July. At the same time, consumer price inflation for August slowed down marginally to 3.66 per cent from 3.69 per cent in July. The decelerating inflation and slower-than-expected GDP growth in the first quarter of the financial year has increased the pressure on the RBI from industry to cut interest rates.

The international price of crude oil rules below \$ 50 per barrel which was well above \$ 100 a barrel a year back. Since the last Annual General Meeting, the crude oil price is falling. In India also the fuel price has reduced marginally. However, practically there is no reduction in the cost of freight which still rules at the same rates a year back.

As informed in the Chairman Speech of last year, your Company had set its targets at crossing 4,25,000 tonnes marks in its sales volume of cattle feed in year 2014-15. However, we could achieve a volume of 4,40,000 tones. After consolidation, we had set a minimal increase in the sales volume to 4,50,000 tons in 2015-16. By this we expect the turnover to cross Rs. 1000 crores.

Though your Company was fulfilling the Corporate Social Responsibility voluntarily for all these years, now the newly introduced Companies Act, 2013 has made it compulsory on applicable companies for spending 2 % of the average three year profits for CSR activities. From the report you would have noticed that, the Company has already spent Rs. 15 lakhs for two dialysis units it had handed over to the Sacred Heart Mission Hospital, Pullur. Another Rs. 15 lakhs was spent for partly to renovate a public pond, an important water source nearby the Koodalmanikyam Temple. It may be noted that we had further incurred Rs. 10 lakhs in the current year for the renovation of this pond and our total expenses for restoring the pond is Rs. 25 lakhs.



We had purchased one bus under CSR initiative of the Company for the year 2015-16, in the name of Pratheeksha Training Centre, Irinjalakuda, a charitable society, for the purpose of picking up and dropping the differently abled children who are day scholars to and from the institution for a cost of Rs. 15 lakhs. We are planning to make use of the funds available under CSR for deserving areas in and around our Units, with an aim to develop the areas where-ever we have a presence.

We are also conducting several programmes at KS Park regularly for the benefit of children and adding more facilities to the information centre attached to the park, to encourage the children and for their personality development.

The SEA award of Solvent Extractors Association for the highest processing of copra cake for the year 2014-15 has been declared and this award is being won by your Company for the 25th time consecutively.

Key to our success is co-operation, collective decision making and joint efforts at all levels. I have to make a special mention of the Board of Directors who had given all support to the Management with their pragmatic approach. I record my special appreciation of the tireless efforts of **Team KSE**, a dedicated and loyal band of people who have displayed unswerving commitment to their work in these challenging times and helped the Company deliver strong results.

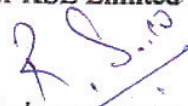
While seeking continued cooperation from the shareholders, I take this opportunity to thank each and every shareholder of the Company for the immense confidence bestowed upon us.

On behalf of the Board, I place on record my sincere appreciation and gratitude to our employees, dealers, customers, suppliers and other agencies associated with us for their continued support and cooperation.

I also thank the Central Government, State Government, Government Agencies, Banks, Auditors and the electronic and print media who are encouraging us to achieve new heights.

THANK YOU ALL.



For KSE Limited

R. Sankaranarayanan
Chief Financial Officer and
Company Secretary