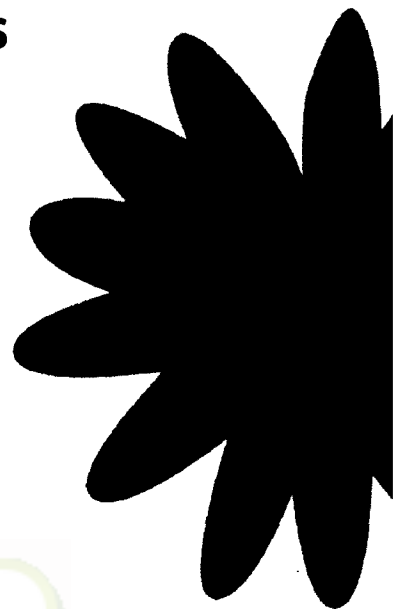


S.Oils Limited

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18th Annual Report 2002-2003



FINANCIAL HIGHLIGHTS**OPERATING RESULTS :**

	2002-03	2001-02	2000-01	1999-2000	1998-99
	<i>(Rupees in Lacs)</i>				
INCOME					
Sales	31886	29952	28221	25844	31540
Export Sales	1715	2197	1997	2882	2120
Other Income	14	16	8	6	29
	33615	32165	30226	28732	33689
EXPENDITURE					
Materials and Overheads (+/- Stock Adj.)	32374	31027	29270	27775	32782
Profit Before Interest	1241	1138	956	957	907
Interest	856	871	743	743	654
Gross Profit	385	267	213	214	253
APPROPRIATIONS					
Opening Balance	-308	-239	-187	-150	-126
Depreciation (Net)	190	134	103	94	87
Provision for Taxation	14	10	8	12	35
Proposed Dividend	0	0	0	0	25
Tax on Dividends	0	0	0	0	3
Transferred to Reserves	50	50	50	70	80
Closing Balance	439	308	239	187	150
	385	263	213	213	254
Earning per Share (Rs.)	3.67	2.42	2.03	2.14	2.65

SOURCE AND APPLICATION OF FUNDS :

	2002-03	2001-02	2000-01	1999-2000	1998-99
	<i>(Rupees in Lacs)</i>				
SOURCE OF FUNDS					
Shareholders' Fund					
Share Capital	494	494	494	494	494
Reserve and Surplus	1291	1111	991	889	782
	1785	1605	1485	1383	1276
Loan Funds	6677	6656	5190	4766	4106
Funds Employed	8462	8261	6675	6149	5382
APPLICATION OF FUNDS					
Fixed Assets (Gross)	3679	3478	2027	1723	1635
Depreciation	916	728	595	496	409
Fixed Assets (Net)	2763	2750	1432	1227	1226
Investments	0	0	0	0	0
Current Assets (Net)	5699	5504	5230	4902	4129
Miscellaneous Expenditure	0	7	13	20	27
Net Assets Employed	8462	8261	6675	6149	5382

**K. S. OILS LIMITED****INFORMATION MEMORANDUM****BOARD OF DIRECTOR**

Mr. Ramesh Chand Garg (Chairman)
Mr. Govind Prasad Garg (Managing Director)
Mr. Mohan Lal Garg
Mr. Saurabh Garg (Whole-time Director)
Mr. Chandra Kamal Bhuyan
Mr. Brij Mahendra Nandan Singh

AUDIT COMMITTEE

Mr. Brij Mahendra Nandan Singh (Chairman)
Mr. Chandra Kamal Bhuyan
Mr. Mohan Lal Garg

MANAGEMENT

Mr. Govind Prasad Garg _____ Managing Director
Mr. Vineet Garg _____ Executive-in-Charge (Production)
Mr. Saurabh Garg _____ Executive Director

COMPANY SECRETARY**Mr. Dhiraaj Kataria****AUDITORS****RATHI & CO., GWALIOR**
Chartered Accountants**BANKERS****CENTRAL BANK OF INDIA****REGISTERED OFFICE****TILAK ROAD, DUTTAPURA,**
MORENA-476 001 (M. P.)**FACTORY****Industrial Area, Agra-Bombay Road,**
MORENA-476 001 (M. P.)**REGISTRAR AND SHARE TRANSFER AGENT**

M/s ANKIT CONSULTANCY PVT. LTD.,
 2nd Floor, Alankar Point, Gita Bhawan Chauraha,
 A. B. Road, INDORE (M. P.) Ph. : 0731-2491298; Fax : 5065798

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**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 18th Annual General Meeting of Members of **K. S. Oils Limited** will be held at T. R. Puram, A. B. Road, Morena on Saturday the 27th day of September, 2003 at 4.00 p.m. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 31st March, 2003 and Profit & Loss Account for the year ended on that day together with Reports to the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Chandra Kamal Bhuyan, who retires by rotation and being eligible, offer himself for re-appointment.
3. To appoint Statutory Auditors to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Rathi & Co., Chartered Accountants, the retiring Auditor are eligible for re-appointment.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass the following resolution, with or without modifications, as an **Ordinary Resolution** :

"RESOLVED THAT Mr. Ramesh Chand Garg was appointed as an additional Director of the Company by the Member of Board with effect from 30th July, 2003, under section 260 of the Companies Act, 1956 and Article - 86 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and being eligible for re-appointment in respect of whom the Company has received a notice in writing from a member proposing him as a candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- (Rupees Five Hundred only), and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to Security and Exchange Board of India (Delisting of Securities) Guidelines 2003 issued under section 11(1) of SEBI Act, 1992 read with sub-section (2) of Section 11A of SEBI Act and SEBI Bye-laws/Listing Agreement

of Stock Exchanges and other applicable provisions of Companies Act, 1956 and Securities Contract (Regulation) Act, 1956 the consent of the Company be and is hereby accorded to delist the Equity Shares of Rs. 10/- each of the Company having Distinctive Nos. from 0000001 to 5000000 from the Jaipur Stock Exchange Limited and that the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary or proper to implement the resolution."

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

"RESOLVED THAT pursuant to Security and Exchange Board of India (Delisting of Securities) Guidelines 2003 issued under section 11(1) of SEBI Act, 1992 read with sub-section (2) of Section 11A of SEBI Act and SEBI Bye-laws/Listing Agreement of Stock Exchanges and other applicable provisions of Companies Act, 1956 and Securities Contract (Regulation) Act, 1956 the consent of the Company be and is hereby accorded to delist the Equity Shares of Rs. 10/- each of the Company having Distinctive Nos. from 0000001 to 5000000 from the Delhi Stock Exchange Association Limited and that the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary or proper to implement the resolution."

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

"RESOLVED THAT pursuant to the provision of Section 275 and other applicable provision of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered and a new Article is substituted in place of old Article No. 92(3). The new Article No. 92(3) is adding in the manner setout hereunder :

92. The Office of a Director shall become vacant :

- (3) If a person holds office of director in more than such number of Companies, which are prescribed under section 275, of the Companies Act, 1956 as amended from time to time, subject to other applicable provision of the Companies Act, 1956 and rules made there under from time to time.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE MEMBER OF THE COMPANY AND PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE TIME OF MEETING.
2. The Register of the Members and the Shares Transfer Book of the Company shall remain closed from Thursday 18th September, 2003 to Saturday 27th September, 2003 (both days inclusive).
3. Member may please bring their copies of the Annual Report of the Meeting.
4. Members/Proxies should bring their attendance slip duly filed along with them for attending the Meeting.
5. Members are requested to notify immediately change in address, if any, to the Company or its Registrar and Share Transfer Agent.
6. Member who hold shares in dematerialized form are required to bring their client ID & DP ID number(s) for easier identification of attendance at the meeting.
7. The International Securities Identity Number (ISIN) allotted to the Company is INE727D01014.
8. Members can avail of the nomination facility by filling Form - 2B with the Company or its Share Transfer Agent.
9. Explanatory Statement under section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
10. Pursuant to section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends for the financial year ended March 31, 1995 have been transferred to Investment Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Share holders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amounts, which were transferred to Investment Education and Protection Fund.

By order of the Board of Directors

K. S. OILS LIMITED

GOVIND PRASAD GARG

(Managing Director)

Regd Office :
Tilak Road, Duttapura,
MORENA-476 001
Dated : 30.08.2003

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173 (2)**

Item No. 4 : The Board of Directors of the Company appointed Mr. Ramesh Chand Garg as an Additional Director of the Company due to vacancy caused by the resignation of Mr. Om Prakash Garg, with effect from 30th July, 2003, in accordance with the provision of Section 260 of the Companies Act, 1956 and Article 86 of the Articles of Association of the Company. Mr. Ramesh Chand Garg will hold office as Director and Chairmanship of the Company up to the date of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing alongwith a deposit of Rs. 500/- (Rupees Five Hundred only) from a member proposing the candidature of Mr. Ramesh Chand Garg for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

All the Directors are interested in this resolution except Mr. Chandra Kamal Bhuyan & Mr. Brij Mahendra Nandan Singh.

Item No. 5 : At present Equity Shares of your Company are listed in M. P. Stock Exchange at Indore, the Delhi Stock Exchange Association Limited at New Delhi, The Stock Exchange, Mumbai and Jaipur Stock Exchange Limited at Jaipur. The Shares of the Company is not frequently traded in the Jaipur Stock Exchange Limited. The substantial trading of the shares of the Company takes place in The Stock Exchange, Mumbai (BSE). 9.72% of total number of shareholders having only 1.96% Equity Shares of the Company are belonging from the State of Rajasthan. Company will save the amount of Listing Fee to be given to the Jaipur Stock Exchange Limited.

The Equity Shareholders in the State of Rajasthan will be given an exit opportunity by the promoters of the Company to buy, or to make



K. S. OILS LIMITED

arrangement for buying, the equity shares of these holders after fixing a record date specifically for this purpose and at a price which will not be less than the weighted average of the traded price of the equity shares in the preceding six months at any of the Exchanges on which the shares are listed before Delisting.

The Director recommends the adoption of Resolution No. 4 of the Notice. None of the Directors is in any way concerned or interested in this resolution.

Item No. 6 :

At present Equity Shares of your Company are listed in M. P. Stock Exchange at Indore, the Delhi Stock Exchange Association Limited at New Delhi, The Stock Exchange, Mumbai and Jaipur Stock Exchange Limited at Jaipur. The Shares of the Company is not frequently traded in the Delhi Stock Exchange Association Limited, New Delhi. The substantial trading of the shares of the Company takes place in The Stock Exchange Mumbai (BSE). 7.83% of total number of shareholders having only 4.02% Equity Shares of the Company are belonging from the State of Delhi. Company will save the amount of Listing Fee to be given to the Delhi Stock Exchange Association Limited, New Delhi.

The Equity Shareholders in the State of Delhi will be given an exit opportunity by the promoters of the Company to buy, or to make arrangement for buying, the equity shares of these

holders after fixing a record date specifically for this purpose and at a price which will not be less than the weighted average of the traded price of the equity shares in the preceding six months at any of the Exchange on which the shares are listed before Delisting.

The Director recommends the adoption of Resolution No. 5 of the Notice. None of the Directors is in any way concerned or interested in this resolution.

Item No. 7 :

The Companies (Amendment) Act 2000 had amended Section 275 of the Companies Act, 1956 and provided that no person shall, save as otherwise provided in Section 276, hold office at the same time as Director in more than fifteen companies. Now a person can be Director of only 15 companies, which is to be calculated in terms of Section 278.

Consequently, it is necessary for your Company to amend its Article of Association No. 92(3) which are providing the minimum number of companies for holding a directorship is twenty. To implementation of the new article for above said provision the Director recommend the resolution for acceptances of members.

None of the Directors is in any way concerned or interested in this resolution.

**DIRECTOR'S REPORTS****TO THE MEMBERS**

Your Directors have pleasure in placing before you their 18th Annual Report on the business and operations of the Company together with the Audited Statement of accounts for the year ended March 31, 2003 :-

FINANCIAL RESULTS :*(Rs. in Lacs)*

PARTICULARS	2002-2003	2001-2002
Sales	31886.47	29952.03
Export Sales	1715.48	2197.39
Profit for the year before Interest and Depreciation	1241.95	1138.24
Interest	855.67	870.87
Depreciation	189.97	133.60
Provision for Tax	14.29	10.00
Profit after Taxation	180.65	119.50
Proposed Dividend	0.00	0.00
Transfer to General Reserve	50.00	50.00
Balance in Profit & Loss Account (B/F from Previous Year)	308.06	238.56
Balance in Profit & Loss Account (C/F to Next Year)	438.71	308.06

OPERATIONAL PERFORMANCES :

Despite a severe slump in the Agro based Edible Oil Industry, the Company achieved all time record production and sales volumes. Recessionary conditions prevailed in most domestic edible oils industry; coupled with the tragic occurrence of natural calamities have continuously affected the economic performance. Since a decade, specifically for the edible oil industries, the Gross National Growth rate and Gross Domestic Products rate graph have been slope down warding. Despite this, your Company has managed its resources extremely well and its Sales Turnover was increased by **4.52%** at **Rs. 336.02 crores** (Rs. 321.49 crores). Profit after Tax was substantially higher by **50.83%** at **Rs. 1.81 crores** (Rs. 1.20 crores).

The Board consider the overall performance reasonable in view of difficult market condition both domestic and International.

DIVIDEND :

In order to conserve the Company's resources for its future activities, your Directors have decided not to recommend any dividend on Equity Shares for the period ended 31st March, 2003.

PUBLIC DEPOSIT :

During the year under review your Company has neither accept the fresh deposits nor renew any deposit held by the Company. The Company has made premature payments, which were claimed by the investors during this year. There is no outstanding deposit, which is matured and claimed.

HUMAN RESOURCE DEVELOPMENT & PARTICULARS OF EMPLOYEES :

Your Company recognizes that people represent its principal assets. To attract and retain people, **K. S. Group** provides a judicious combination of attractive career-personal growth and a lucrative performance-based compensation structure. Your Company continued to enhance the quality of its people skill.

Particulars of employees pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, are not being furnished herewith since there is no employee who is getting remuneration as per the provisions therein.

INDUSTRIAL RELATIONS :

The relationship with employees remains cordial throughout the year under review.

DIRECTORS :

Mr. Om Prakash Garg who has been a Director and Chairman of the Company resigned from the Board dated 30.07.2003 due to his health ground. The Board also wishes to place on record appreciation for the services rendered by them.

In the vacancy caused on the board by the resignation of Mr. Om Prakash Garg, it is considered by the Board to appoint Mr. Ramesh Chand Garg as Director and Chairman of the Company in place of Mr. Om



K. S. OILS LIMITED

Prakash Garg. He holds the office of the Director and Chairmanship of the Company up to forthcoming Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Ramesh Chand Garg for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

In accordance with the requirements of the Companies Act, 1956 and the Company's Article of Association, Mr. Chandra Kamal Bhuyan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE :

Your Company seeks to benchmark itself with the best-of-breed global Corporate Governance practice. A separate report on the Corporate Governance and Management Discussion and Analysis has been attached as a part of this annual report. The relevant Auditor's Certificate has also been annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particular in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of the report.

DIRECTOR'S RESPONSIBILITY STATEMENT :

The Directors state :

- * That in preparation of annual accounts for the year ended March 31st 2003 the applicable Accounting Standard had been followed along with proper explanation relating to material departures;
- * That the Directors had select such accounting policies and applied them consistently and made judgements 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 or loss of the Company for that period;
- * That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provision of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- * That the Directors had prepared the annual accounts on a going concern basis.

AUDITOR'S REPORTS :

The remarks made by the Auditors in their report have been suitably dealt with in the Schedules and Notes and therefore do not call for any further clarification.

AUDITORS :

M/s Rathi & Co., Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS :

The Board wishes to place on record its sincere appreciation of the efforts put in by the Company's consultants and executives to post improved results under difficult conditions.

Your Directors would like to thank investors, our corporate clients, financial institutions; banks, government authorities, the registrar and share transfer agents, business/alliance, their employees and technology partners for their support during the year.

Your Directors like to take this opportunity to express their gratitude to one and all for their faith and wholehearted support, which was a source of inspiration to achieve the intimidating.

For and on behalf of the Board

Place : Morena
Dated : 30.08.2003

Ramesh Chand GARG
(Chairman)



ANNEXURE TO THE DIRECTOR'S REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Director's) Rules, 1988.

(A) CONSERVATION OF ENERGY :

The Company has constantly been exploring various means of conserving energy.

- Energy Conservation measures taken : Additional 300 KVA Power Capacitors installed and improved power factor up to 98% to reduce the power bill.
 - Additional Investment and proposal if any being implemented for reduction of consumption of energy : Nil
- Impact of the measures taken at (a) and (b) above for reduction of energy consumption and consequential impact on the cost of production of goods : The cost of power reduced from Rs. 5.25 per unit to Rs. 4.87 per unit.

As required the particulars of Total Energy consumption and Energy consumption per unit of Production are setout below :

FORM-A

(See rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy.

(A) POWER AND FUEL CONSUMPTION

PARTICULARS	Current Year	Previous Year
1. Electricity :		
(a) Purchase		
Units	4,000,626	5,004,732
Total Amount (Rs.)	19,352,087	21,663,230
Rate Unit (Rs.)	4.84	4.33
(b) Own Generation		
(i) though Diesel Generator		
Units	6,668,192	4,014,662
Unit per litre of Diesel Oil (Rs.)	3.50	3.62
Cost/Unit (Rs.)	4.87	5.25
(ii) Through steam turbine/generator	Not Applicable	Not Applicable
2. Coal :		
Quantity (MT)	15355	14157
Total Cost (Rs.)	32,900,208	27,712,267
Average Rate (Rs.)	2142.64	1957.50
3. Furnace Oil		
Quantity (MT)	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-
4. Others		
Quantity (MT)	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-
B Consumption per Unit of Production :		
	Standard (if any) (PMT)	Current year (PMT)
		Previous Year (PMT)
Products (with details) unit (136199 MT of Oil, DOC, Vanaspati Ghee)		
Electricity	-	78.33
Furnace Oil	-	-
Coal	-	0.11
Others	-	-

**(B) TECHNOLOGY ABSORPTION**

The Company is having a well-equipped laboratory engaged in control and up-grading of edible oils under Agmark.

FORM-B

(See rule-2)

Form for disclosure of particulars with respect to absorption.

Research & Development :**1. Specific area in which R&D carried out by the Company :**

Research was carried out in the areas of Raw-materials including Mustard Seed, Soyabean Seed, Palm Oil, Energy Conservation, Waste Utilization, Product development and Improvement in life of Plant and Machinery.

2. Benefit derived as a result of the above R & D :

Quality of Mustard Oil, Soyabean Oil and Vanaspati Ghee has improved considerably and matches with International Standards.

3. Future plan of action :

To make Refined Palm Oil as per International Standard to make it completely free from cholesterol.

4. Expenditure on R & D : - Nil -**Technology absorption, adaptation and innovation :****1. Efforts made :**

Manufacturing of Bakery Vegetable Ghee.

2. Benefits :

Efforts have led to improved efficiencies, cost competitiveness and enhanced product range.

(C) FOREIGN EXCHANGE EARNING AND OUTGO

The detail of Foreign Exchange earning and outgo during the year are as under :

	Inflow	(Rs. in Lacs) Outflow
(a) Capital Account	-	-
(b) Revenue Account		
Export Sales	1715.47	-
Imports on CIF basis	-	8654.78
Expenditure in Foreign Currency (Others)	-	6.17

For and on behalf of the Board

Ramesh Chand GARG
(Chairman)

Place : Morena
Date : 30.08.2003