K S OILS LIMITED

ANNUAL REPORT 2013-14

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Company Information

Board of Directors

Mr. Ramesh Chand Garg
Managing Director
(DIN : 00027025)

Mr. Davesh Agarwal
CFO & Executive Director
(DIN : 01102237)

Mr. Sourabh Garg
Non-Executive Director
(DIN : 00027058)

Mr. Pramod Kumar Mandloi
Independent Director
(DIN : 00065593)

Mr. Arvind Pandalai
Independent Director
(DIN : 00352809)

Mr. Brij Mahendra Nandan Singh
Independent Director
(DIN : 00065519)

Mr. R. S. Sisodia
Independent Director
(DIN : 00065484)

Mr. Boda Venkat Ram
Independent Director
(DIN : 03476912)

Mr. B. S. Bhasin
Nominee Director (S.B.I)
(DIN : 02632863)

Mr. M. B. Kaul
Nominee Director (I.D.B.I)
(DIN : 00320182)

Company Secretary
Sandeep Kumar

Bankers

State Bank of India
Axis Bank (Phoenix ARC Private Limited)
Andhra Bank
IDBI Bank
ICICI Bank
PNB Bank
Central Bank of India

Auditors

M/s Ladha G. D. & Co.
Chartered Accountants

Cost Accountants
M/s S. K. Saxena & Co
Cost Accountant

Registered Office

Jiwaji Ganj, Morena – 476001,
Madhya Pradesh, India

Registrar and Share Transfer Agent

Ankit Consultancy Pvt. Ltd
60, Electronic Complex,
Pardeshipura, Indore – 452010

Board Committees

Audit Committee
Pramod Kumar Mandloi, *Chairman*
R. S. Sisodia
Boda Venkat Ram

Share holder's / Investor's Grievance Committee

Pramod Kumar Mandloi, *Chairman*
Ramesh Chand Garg
Davesh Agarwal

Remuneration & Compensation Committee

P. K. Mandloi, *Chairman*
R. S. Sisodia
B. N. Singh

Management & Finance Committee

Ramesh Chand Garg, *Chairman*

Davesh Agarwal

P. K. Mandloi

R. S. Sisodia

Directors' Report

Dear Members,

Your Directors are pleased to present the Twenty eighth Annual Report and Audited Statement of Accounts for the Financial Period (Fifteen month period) ended on March 31, 2014

(Rs. in Lacs)

1. Financial Highlights	**2013-2014 (01/01/2013-31/03/2014) (15 Months)**	**2011-2012 (01/07/2011-31/12/2012) (18 Months)**	**2013-2014 (01/01/2013-31/03/2014) (15 Months)**	**2011-2012 (01/07/2011-31/12/2012) (18 Months)**
Revenue From operations	100982	382330	101539	383051
Less: Excise Duty	98	236	98	236
Net Revenue from operations	**100884**	**382094**	**101441**	**382815**
Profit/Loss before Finance cost, Depreciation, Exceptional Items and Taxes	(32920)	(17517)	(34227)	(20856)
Less: Finance Cost (Interest)	18041	44154	18042	44167
Profit/Loss before Depreciation, Exceptional Items and Taxes	**(50961)**	**(61671)**	**(52269)**	**(65023)**
Less: Depreciation	7605	9549	7644	9651
Profit/Loss before Exceptional Items and Taxes	(58566)	(71220)	(59913)	(74674)
Less: Exceptional Items	93129	65010	91229	58510
Profit/Loss before Taxes	**(151695)**	**(136230)**	**(151142)**	**(133185)**
Less: Provision for Taxes	-	-	-	-
(a) Income Tax	-	-	-	-
(b) Tax for earlier year's	(685)	184	(685)	184
(c) MAT Credit Reversal	-	-	-	-
(d) Deferred Tax Adjustment	29	788	29	1213
Profit/(Loss) after Taxes	(151039)	(137203)	(150486)	(134581)
Add: Balance brought forward from the previous year	(117068)	13619	(117068)	10781
Balance available for appropriation which the directors have appropriated as under to :	(268127)	(117068)	(267463)	(117668)
(i) Proposed Dividend	-	-	-	-
(ii) Tax on Dividend	-	-	-	-
(iii) Provision for interest on dividend	14	40	14	40
(iv) Provision for interest on dividend distribution Tax	7	22	7	22
(v) General Reserve	-	-	-	-
Total	**21**	**62**	**21**	**62**
Deficit carried forward to the Balance Sheet	**(268127)**	**(117068)**	**(267463)**	**(117068)**

Change in Financial Year

The financial year of the Company was extended by 3 month i.e. from 31/12/2013 to 31/03/2014 with the approval of the Registrar of Companies. Hence the financial year of the Company under review cover a period of 15 months and is not comparable with the results of the previous financial year 2011-2012 which was extended for 18 months.

During the year under review, your Company's total sales (Standalone) were Rs 99,982 Lacs (15 Months) as against Rs. 381,510 Lacs for the previous year (18 Months). The loss before finance cost, depreciation, exceptional items and taxes (Standalone) was Rs. 32,920 Lacs (15 Months) as against to the Loss of Rs. 17,517 lacs for the Previous year (18 Months). The finance cost (Standalone) was Rs. 18,041 Lacs (15 Months) as against to Rs. 44,154 Lacs for the previous year (18 Months). The company recorded of EPS (Earning per Share) of Rs. (32.98) for the period ended March 31, 2014.

Division wise operational performance for the period ended March 31, 2014 was as under:

A. Oil Division

1. **Mustard Oil:** During the period under review the Company's mustard oil plant was utilized up to 1.85 % of its installed/available capacity; it processed 30,469 MT (Include 22,705 MT Processed under Job work arrangement) of mustard seeds. Mustard Oil production stood at 9,951 MT (Includes 7,676 MT produced under Job work arrangement) against that of 157,861 MT in the previous year, recording a significant decrease of 93.70% as compared to previous year.

2. **Refined Oils**: The Company's refined oil plants utilized 3.98 % of its available capacity and processed 28,665 MT (Include 5,909 MT Processed under Job work arrangement) of crude oil. Refined oil production stood at 26,705 MT (Includes 5,575 MT produced under Job work arrangement) against that of 94,484 MT in the

previous year, recording a significant decrease of 71.73% over the previous year.

3. **De Oiled Cake (DOC)**: Solvent extraction plant utilized 9.37 % of its available capacity during the year under review and processed 147,518 MT (Include 28,463 MT Processed under Job work arrangement) of oil cake/seeds. During the year, DOC production was at 132,882 MT (Includes 25,890 MT produced under Job work arrangement) as against 314,073 MT during the previous year, thus recording a decrease of 57.69% over the previous year.

B. Vanaspati Division

Production of Vanaspati was at 426 MT against that of 3,271 MT in the previous year, decreasing 86.97 % as compared to previous year.

C. Power Division

During the year power generated through wind mills was 124,521,579 units as against 200,910,809 units in the last year, thus recording a decrease of 38.02% over the previous year. Out of these units, the Company has utilized 7,118,398 units for in house consumption and sold 13,240,050 units and generated Rs. 3,864 Lacs as additional revenue.

Dividend

In view of the losses incurred during the year, your Directors are unable to recommend dividend on equity Shares and Preference Shares for the year ended March 31, 2014.

Current business outlook and plans

Demand for Edible oil during the year continues to be stagnant on account of a recessionary trend in the economy as well as new products in the Edible oil industry like Olive Oil capturing market share however, it is hoped that conditions may start improving in the rest of the year so that with adequate working capital sourcing, your Company is able to operate its plants at higher capacities and with higher margins. Until maximum utilization of Company's plants is reached, there are no plans for capacity expansion in the coming year.

Consolidated Accounts

As per the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements have been annexed with the Financial Results of the Company.

Subsidiary Company

The Statement required under Section 212 of the Companies Act, 1956 in respect of the Subsidiary Company is also appended to the Annual Report.

Manpower Development Process

The Company's HR Division has finalized an Organization Structure that supports the vision and strategy of the Company. The organization structure is divided into five bands: Strategic, Operational, Manager, Executive and Support, which have been further divided into several levels. All K S employees are assigned a level under a particular band depending upon their role, impact and criticality of job and the contribution to the Company's strategy.

Corporate Social Responsibility (CSR)

Your Company is committed to support CSR initiative and to contribute towards the welfare and social upliftment of the Community.

Employees Stock Option Scheme (ESOP)

As the employees of the Company did not exercise the option under ESOP scheme, the company cancelled/ withdrew the ESOPs granted under the Employee Stock Option Scheme.

Employees' Particulars

The Company did not have any employee of the category mentioned in Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Renewable Energy Initiatives:

All the 92 WTG's of 78 MW in Madhya Pradesh, Rajasthan, Gujrat & Tamilnadu are running successfully & generating revenue for the company through the sale of power to SEB's. Besides, the company is utilising the energy generated by Rathedi (Madhya Pradesh) 30 WTGs equivalent to 24.9 MW for captive consumption. Under the scheme, power generated from these WTGs is sold to MPTRANSCO (Madhya Pradesh Power Transmission Company Ltd) and the company shall get credit against the purchase of units at its Guna, Ratlam and Morena Plant, thereby, reducing Power cost of the three plants considerably.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in **Annexure 'A'** to the Directors' Report.

Auditors

M/s Harbhakti & Co., Chartered Accountants have resigned due to internal reasons on dated February 13, 2015. Afterward the Board of Directors in their board meeting held on February 14, 2015 had appointed M/s Ladha G.D. & Co., Chartered Accountant as the statutory auditors of the Company and the same has been approved by the Members of the Company in Extra-Ordinary General Meeting held on March 18, 2015.

Further, M/s Ladha G.D. & Co., Chartered Accountants, auditors of the Company, shall retire at the end of ensuing AGM, being eligible to offer themselves for re-appointment.

Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

Corporate Governance

To comply with the conditions of Corporate Governance, pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Management Discussion and Analysis and Corporate Governance together with a certificate from a Practicing Company Secretary confirming compliance is included in the Annual Report.

Group for Inter-Se Transfer of Shares

The following is the list of entities constituting "Group" (within the meaning as defined in Monopolies and Restrictive Trade Practice Act, 1969) for the purpose of disclosure as provided in clause 3 (1) (e) of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997:

Sr. No.	Name of Entity
1.	Mr. Ramesh Chand Garg
2.	Ramesh Chand Garg HUF
3.	Smt. Sheela Devi Garg
4.	Mr. Sourabh Garg
5.	Sourabh Garg HUF
6.	Smt. Meeta Garg
7.	Garg Family Trust

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and observations obtained by them, your directors make the following statement in term of Section 217(2AA) of the Companies Act, 1956 -

1. that the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the directors had selected such Accounting Policies and

applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2013-14 and of the profit or loss of the company for that period;

3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

4. that the Directors had prepared the Annual Accounts on a going concern basis

Acknowledgements

Your Directors place on record their appreciation of the support extended by customers, investors, bankers, business associates, vendors and various government agencies. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

For and on behalf of the board of Directors

	Sd/-	Sd/-
	Ramesh Chand Garg	Davesh Agarwal
Place: New Delhi	Managing Director	CFO and
Date: 01/08/2015		Executive Director

Annexure "A" to Directors' Report

Form A

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

(Rs. in Lakh)

A) Power and fuel consumption	**2013-14 (01/01/2013-31/03/2014) (15 Months)**	**2011-12 (01/07/2011-31/12/2012) (18 Months)**
1. Electricity		
(a) Purchase		
Unit	81,40,128	1,57,26,028
Total amount (Rs.)	9,55,07,381	14,77,61,195
Rate/unit (Rs.)	11.73	9.40
(b) Own generation		
Through diesel generator		
Unit	4,00,485	15,02,574
Unit per ltr. of diesel oil (Rs.)	3.56	3.57
Cost/unit (Rs.)	14.95	11.61
(i) Through WTG's		
Unit	71,18,398	1,32,40,050
Total Amount (Rs.)	3,35,67,370	6,17,45,572
Rate/Unit (Rs.)	4.72	4.66
* units generated through wind turbine has been credited against purchase of Units		
2. Coal		
Quantity (M.T.)	17,581	55,218
Total Cost (Rs.)	8,93,85,665	27,51,45,090
Average Rate (Rs.)	5,084.18	4,982.87
3. Furnace Oil		
4. Others		
B) Consumption per Unit of Production:		
Product (with details) unit: Oil and Vanaspati Division (Current year: 130802 MT, Previous Year: 569689 MT)		
Electricity	92.14	53.48
Furnace Oil	-	-
Coal	0.10	0.10
Others	-	-

FORM B

Form for Disclosures of particulars with respect to absorption.

TECHNOLOGY ABSORPTION

Research and development (R&D):

The Company is carrying out research work on mustard oil so that more value added products could be introduced. The Company is also developing derivatives and additives of mustard oil.

1) Specific area in which R&D carried out by the company:

During the year under review, efforts were made in the following areas with the objective of optimizing process systems and adopting parameters that ensure product improvement and cost reduction:

- Till date, the Company is in continuation of development of new cost effective process to produce pungent Mustard oil from expeller, instead of producing the same from traditional Kollhu method. The Company is getting the expected results as well from the process and the Company has decided to stabilize the process in future as well.
- Upgradation of solvent plant to improve the quality of recovered oil.
- Development of company's brands "Double Sher" and "Kalash" in order to expand market and increase consumption and promote them as "Heart Friendly Cooking Mediums".
- Reducing cost of materials, effecting import substitution, simplifying processes and achieving time savings.
- Quality improvements and up gradation of raw material suppliers.
- Quality Control.
- Reduction of emission of pollutants from chimney by installing pollution control equipments.
- Automation of packaging system.

2) Benefits derived as a result of the above R&D.

- High quality, value added and cost effective consumer preferred edible oils were developed.
- Reduction in cost of raw materials and packaging materials and reduction in product process time.
- Significant reduction in the emission of pollutants into environment.
- Improved quality of products and thereby strong market position.

3) Future plan of action

The Company will continue to pursue its R&D work on developing high quality products to meet the ever changing consumer needs and on adding value to our existing products.

4) Expenditure on R&D:

Charged to the respective heads of accounts and not allocated separately.

A. Foreign Exchange Earning and Outgo of the Company:

(Rs. in Lakh)

A)	**Power and fuel consumption**	**2013-14 (01/01/2013-31/03/2014) (15 Months)**	**2011-12 (01/07/2011-31/12/2012) (18 Months)**
a)	Foreign exchange earning of the company:		
	Earning on FOB basis	-	91
	Interest on deposits with banks	-	-
	Interest on loan to subsidiaries	187	354
b)	Foreign Exchange Outgo:		
	i. CIF value of imports		
	a) Raw Material	-	-
	b) Finished Goods	-	-
	c) Capital Goods	-	-
	ii. Expenditure in foreign currency		
	a) Interest on borrowing	143	165
	b) Professional Fees	15	4
	c) Others	-	7
	iii. Investment in Foreign Subsidiaries		
	a) As subscription amount for Shares therein	-	686
	b) Loan to Subsidiaries	-	-

For and on behalf of the board of Directors

Sd/-
Ramesh Chand Garg
Managing Director

Sd/-
Davesh Agarwal
Chief Financial Officer and
Executive Director

Place: New Delhi
Date: 01/08/2015

Management Discussion and Analysis

Overview

K S Oils Limited and its wholly owned and controlled subsidiary (KSNR), is a structured Edible Oil global Company. The K S Oils Group is a manufacturer of Edible Oils and Oil Cakes and Meals.

These financials are prepared in accordance with Indian "Generally Accepted Accounting Principle" (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair value. GAAP comprises mandatory accounting standards as prescribed by Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) and Guidelines issued by Securities Exchange Board of India (SEBI). The management accepts the responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flow for the year.

Industry Structure and Developments

Changing economic and business conditions, evolving customer preference, rapid technological innovations and adoption and globalization, are creating an increasingly competitive market environment that is driving Corporates to transform the manner in which they operate. Companies in this environment are now focusing even more on their core business objective.

During 2013 -14, global economic uncertainty coupled with subsequent slow down, though of a passing nature, continued to cast shadows on the trade growth of emerging and developing economies including India. Indian economy faced challenging times culminating in lower growth in GDP than expected. Slow down in industrial growth due to deceleration in mining and disappointing performance in manufacturing sector. The service sector also recorded slow growth due to dismal performance of trade, transport and storage. On demand side overall consumption declined by 0.2% in 2013-14. Investment rate declined steeply in 2013-14 mainly dues to high interest rate and tight liquidity. The cost of borrowing in domestic market suffered a sudden increase and investment activities faced difficulties due to global economics crisis.

High volatility in commodity and currency prices world over and some regional tensions in Middle East coupled with sharp volatility and depreciation in the value of the Indian Rupee had impacted cost structure and margins across the industries. One of the worst affected one was commodity related business like ours. The sudden hike in custom duty by the Government on crude and refined vegetable oils during December 2014 impacted higher landed prices of the imported oils and slow off take of the manufactured products ultimately led to lesser capacity utilization, operations and performance of non-port based edible oil refinery units in India during the second half of the year.

The government's endeavor to balance the overall vegetable oils trade from manufacturers', traders' consumers' and farmers, points of view will result in greater opportunities in future to the edible oil manufacturers and refiners.

Indian Markets

India is one of the biggest emerging markets with a population of over 1.27 billion people and 250 million strong middle-class. The edible oil consumption in India is likely to grow @ 6-7 % per annum and the per capita consumption of approx. 15 kg (2013-14) still remains far below the world average of 24 kg approx. As per "seaofindia", Indian production of vegetable oils presently stands at 7.60 Mn tons and demand at 17.50 Mn tons, resulting in deficit and import requirement at 10.40 Mn tons. In view of the demand supply gap 60 % of domestic edible oil consumption is met through imports. Palm Oil segment contributes 70% of total imported edible oils and Soybean Oil and other boils constituting balance 30% of imports.

Import dependence was about 3 per cent during 1992-93. The production of indigenous oilseeds, though has increased in recent years (from 184.40 lakh tons in 2000-01 to current 300 lakh tons approx.) has not kept pace with the rising demand for edible oils increased per capita consumption in India. Economic boom witnessed during recent years consequent upon liberalization of Trade Policy including edible oils, increased per capita consumption from 5.8 kg in 1992-03 to 15kg approx. in 2013-14. This is substantially lower than the world average per capita consumption level of 24 kg and compared to that in neighboring countries like Pakistan (20 kg) and China (22 kg). The developed western world has a per capita consumption of 40-50 kg/ head/ year. India's rising oil dependency is keeping the infrastructural activities buzzing.

Modern trends- demand for purity, quality and health

The Indian house-hold, both in the urban and rural sector is becoming increasingly health conscious, thus demanding branded edible oil products, resulting in a shift from loose (and often adulterated edible oils) to branded offerings. Our promise of purity, quality and health in our consumer packs under the brands "Kalash", "Double Sher" and "Kalash Soya Active" keep winning the consumer's hearts.

Production and R&D

Our five state-of-the-art manufacturing plants are some of the best in technology, design and efficiency parameters conforming to stringent quality and hygiene standards as per international manufacturing standards. The mechanized plants need least human intervention and are run on computer controlled panels requiring minimal man power. This not only saves employee cost by 60% but also ensures minimum human intervention for optimum quality standards. Efficient use of machinery and layout make sure that each plant consumes minimum energy, reduces waste and recycles inputs like water and other wastes. The plants are environment friendly and assure sustainable and green production methods.

The new plants are built on technology permit product flexibility at any given time; production can be switched between any three edible oilseeds – mustard, soybean and sunflower. This will give real time and dynamic planning capability to the production team based on market demand. Such Just-in-time (JIT) manufacturing is a first in the Indian edible oil industry, saving on over capacity and higher costs for maintaining inventory.

Opportunities and Threats (SWOT Analysis)

The biggest threat company is facing for smooth running of its plants is due to liquidity crisis. The company was admitted to Corporate Debt Restructuring (CDR) process on September 19, 2011 on account of liquidity crises. The reasons for liquidity problems were large scale expansion /modernization without availing matching term loans, overseas investment with zero debt and untied Fund Based WC limit which was assessed by consortium lenders in the year 2010-11. The final restructuring package was approved by CDR-EG on December 20, 2011 and implemented by majority of lenders in the month of March 2012. Unfortunately, the company could not fulfil CDR conditions hence the same was called off by the Lenders during July 2013. Thereafter, the accounts of the Company became NPA and the lenders issued SARFAESI Notices during the financial year.

The biggest strength of K S Oils today is its integrated business model, which is scalable to global size. A conscious focus on backward and forward integration so as to address the complete value chain is ensuring K S Oils ability to de-risk external factors like raw material supply & prices and conduct sales with high per unit profit realization. The branding led FMCG focus of the company is helping it consolidate as a leader within the minds of the consumers.

Our business sector is vulnerable to external factors viz nature related and driven by international developments. Thus, we are dependent on vagaries of weather which determines size indigenous of oil seed crops, and international edible oil prices. Freight and transportation cost is another challenge.

The biggest opportunity is the consolidation that is taking place in the edible oil industry. The retail led demand and higher consumer spending and buying power is a trend that will help branded players like us in getting premium price for our products by delivering superior quality. The trend of palm oil consumption increasing in India is a head start for our backward integration in sign palm production. Favorable government policies will ensure that the organized edible oil industry grows significantly.

We face threats from competition from other players raising capacity and MNCs entering this sector. A macro threat is that of vegetable oils being diverted for non-food production like bio-fuel and other alternate energy. Rising crude oil prices and volatility in international prices are the other sources of concern.

Segment-wise Performance

The various segments and products are identified by the company are as follows:

Solvent – Seed / Solvent extraction, crude Mustard Oil, Refined oils and Deoiled cake

Vanaspati – Vanaspati Ghee

Power – Power Generation (wind mills)

The detailed performance segment wise is given in Consolidated Balance Sheet Note No. 43 to the audited accounts of the company provided in the Annual Report.

Outlook for K S Oils

K S Oils is focused towards building brands in the edible oil sector which are India- centric and deliver quality, purity and convenience along with the trust of Kalash brand name. Going ahead, the company will be working towards a clear-cut three-pronged program:

- Increased market share and building brand premium across product categories
- Continuous focus to create cost leadership at procurement and manufacturing levels
- Profitable and Inclusive Growth

Management has committed to sale/divestment of non-core business and promoters have brought in their contribution. The Company believes that once the liquidity crisis will be over company will be able to regain its past glory.

Discussion on Financial Performance

The financial year of the Company was extended by 3 month i.e. from 31/12/2013 to 31/03/2014 with the approval of the Registrar of Companies. Hence the financial year of the Company under review cover a period of 15 months and is not comparable with the results of the previous financial year 2011-2012 which was of 18 months. The company reported a net loss of Rs. 151,039 Lacs as compared to Rs. 137,203 Lacs in the previous year. Company's total sales were Rs. 100,080 Lacs as against Rs. 381746 Lacs in the previous year.

Material Development in Human Resources/ Industrial relations, including Number of People Employed

K S Oils management put utmost efforts to strengthen the existing workforce and retaining them to enhance the Human Resource Capabilities in the Company. As a result of CDR process and slow down in the business some of company's key personals have left. Thus, K S Oils is creating a collaborative and innovation-driven work culture to attract, retain and develop the best talent in the industry.

Corporate Social Responsibility

K S Oils believes that Corporate Social Responsibility (CSR) is all about long-term sustainability and is becoming an agent of change through regularly associating with education programs of various institutes to bring about exchange of ideas among students and ensure a better and brighter future for India's children.

Cautionary Statement

Statements made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations maybe "Forward-looking statements" within the meaning of applicable securities laws and regulations. Actual result could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand-supply and price conditions in the domestic and overseas markets in the company operates, changes in Government Regulations, tax laws and other statutes and other incidental factors.

For and on behalf of the board of Directors

	Sd/-	Sd/-
Place: New Delhi	Ramesh Chand Garg	Davesh Agarwal
Date: 01/08/2015	Managing Director	CFO and Executive Director

Corporate Governance Report

Our Corporate Governance philosophy

Corporate Governance is an important tool for enhancing stakeholder value on a sustainable basis & creating wealth for organization. With the increasing complexity in business of organizations, sound governance practices are indispensable to build and sustain trust in all its stakeholders.

Your company is committed to build and adopt best governance practices and its adherence in the true spirit, at all times. The governance practices followed by your Company have played a vital role in its journey. All the procedures, policies and practices followed by your Company are based on sound governance principles. Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. Our governance philosophy rests on following key principals, viz.:

- Board's accountability to the Company and stakeholders;
- Equitable treatment to all shareholders;
- Strategic guidance and effective monitoring by the Board;
- Protection of minority interests and rights;
- Transparency and timely disclosure;
- Timely disclosure of material facts to all stakeholders; and
- Accuracy & transparency in disclosures.

In line with the above philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. In terms of Clause 49 of the Listing Agreement executed with the stock exchanges, the detailed Corporate Governance Report of the Company is as follows:

Inductions

On 11/02/2013, the Board of Director on the request of the Lead banker State Bank of India have appointed Mr. Balbir Singh Basin as a Nominee Director (SBI).

Re-Appointments

The Board re-designated Mr. Ramesh Chand Garg as Managing Director, while Mr. Davesh Agarwal continued as the Chief Financial Officer of the Company with effect from September 03, 2014. As per provisions of the Companies Act, 2013, Mr. Ramesh Chand Garg and Mr. Davesh Agarwal retired in the ensuing AGM and being eligible, seek re-appointment and pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Arvind Pandalai & Mr. Boda Venkat Ram being eligible, seek re-appointment as the independent Directors of the Company for the term given in the notice of 28th AGM. We thank the shareholders for their support in confirming the appointments at the AGM on September 30, 2014.

Board of Directors

(A) Size and Composition of the Board

The Board of Directors of the Company consists of an optimum combination of Executive, Non-Executive and Independent Directors, to ensure the independent functioning of the Board. As on March 31, 2014 the Board consists of 10 (Ten) Directors, out of whom 2 (Two) are Executive Directors, 2 (Two) are Nominee Directors and 6 (Six) are Independent and Non Executive Directors.

None of the Directors of the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49 (IV) (B)) across all the Companies in which they are Directors. All the Directors have made the requisite disclosures regarding Committee positions held by them in other Companies.

The Composition of the Board of Directors as on March 31, 2014 is as under:

Name of Director	Category of Directorship	Designation	Directorship in other Companies
Executive Directors			
Ramesh Chand Garg	Promoter	Chairman & Managing Director	1. KS Oils Sdn. Bhd., Malaysia; 2. KS Natural Resources Pte. Ltd., Singapore; 3. KS Agri Resource Pte. ltd.; 4. P T Buana Mega Sentosa Plantation, Indonesia; 5. P T Bio Diesel Jambi, Indonesia; and 6. P T Tunas Bersusan Abadi, Indonesia.
Davesh Agarwal	Executive Director	CFO & Director	1. PT Biodiesel Jambi 2. PT Mega Artha Persada 3. PT Tunas Bersusun Abadiu 4. PT Buana Mega Sentosa 5. K S Metcast Pvt. Ltd. 6. Arth Real Developers (M.P) Private Limited
Non Executive Directors			
Sourabh Garg*	Promoter	Non- Executive Director	None
Pramod Kumar Mandloi*	Non-Promoter	Independent Director	None
B. M. N. Singh*	Non-Promoter	Independent Director	None
R. S. Sisodia*	Non-Promoter	Independent Director	None
Arvind Pandalai	Non-Promoter	Independent Director	1. Keventer Agro Ltd 2. Indo Rama Synthetics (India) Limited 3. Indo Rama Renewables Limited 4. Indo Rama Renewables Jath Limited 5. Indo Rama Renewables Porbandar Limited 6. Indo Rama Renewables Ramgarh Limited 7. Chetanya Horticultures Private Limited
Boda Venkat Ram	Non-Promoter	Independent Director	Maven Industries Limited
Nominee Director			
M.B. Kaul@	Non-Promoter	Nominee Director	Juniper Hotels Pvt. Ltd
B. S. Bhasin@@	Non-Promoter	Nominee Director	Parabolic Drugs Limited

*Notes: *removed from the Board of Directors on September 03, 2014 due to disqualification as per section164 (2) (b) of the Companies Act, 2013.*
@ Nomination withdrawn with effect from July 02, 2014
@@ Nomination withdrawn with effect from November 11, 2014

Board Procedure

The Board meets at least once in a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The information as required as per Corporate Governance norms of the Listing Agreement is made available to the Board. The Agenda and Board notes for consideration of the Board are circulated well in advance with the notice of meeting so that all the Directors can actively participate in the extensive and fruitful deliberations on various agenda items put before the Board for discussion. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman. The Board is kept apprised of the overall performance of the Company by the Managing Director at the Board Meetings.

Attendance of each Director at the Board Meetings and last Annual General Meeting

During the financial period January 01, 2013 to March 31, 2014 Eight (8) Board Meetings were held on following dates, and the maximum time gap between two meetings did not exceed four months:

February 11, 2013	March 05, 2013(Adj)*
March 06, 2013	July 05, 2013
July 26, 2013	September 21, 2013
November 8, 2013	December 04, 2013
February 12, 2014	

Name of the Director	Meetings held during the tenure of Directors	No of Board Meetings attended	Attendance at the last AGM held on 30/03/2013 & 07/09/2013
Ramesh Chand Garg	08	08	Present
Sourabh Garg	08	00	-
Davesh Agarwal	08	08	Present
Pramod Kumar Mandloi	08	08	Present
Brij Mahendra Nandan Singh	08	07	-
R. S. Sisodia	08	08	Present
Arvind Pandalai	08	08	-
Boda Venket Ram	08	07	-
M.B. Kaul	08	02	-
B. S. Bhasin	08	01	

*the Meeting held on 05/03/2013 was adjourned and concluded on 06/03/2013, hence counted as one meeting

Annual General Meeting of the company was held on 30/03/2013 at A.B. Road, Morena (M.P.) – 476 001, The meeting was adjourned due to non-finalization of the accounts, Further, the Adjourned Annual General meeting was concluded on 07/09/2013, the fresh notice along with Annual Report was sent to the members for the Adjourned Annual General Meeting.

The following Directors were presents during the Annual General Meeting:

1. Mr. Ramesh Chand Garg
2. Mr. Davesh Agarwal
3. Mr. Pramod Kumar Mandloi
4. Mr. R. S. Sisodia

(B) Non Executive Directors Compensation and Disclosures

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board & various committee meetings.

Details of Shareholding of Non-Executive Directors as on March 31, 2014 and the Sitting fees paid to them during the period from January 01, 2013 to March 31, 2014 are as follows:

Name of Non-Executive Directors	Sitting Fee (In Rs.)	No. of Shares Held
Mr. Sourabh Garg	Nil	
Mr. Pramod Kumar Mandloi	1,65,000.00	Nil
Mr. Brij Mahendra Nandan Singh	1,05,000.00	Nil
Dr. R. S. Sisodia	1,55,000.00	Nil
Mr. Arvind Pandlai	1,20,000.00	Nil
Mr. Boda Venkatram	1,25,000.00	Nil
Mr. M. B. Kaul	30,000.00	Nil
Mr. B. S. Bhasin	15,000.00	Nil

The company has not entered in to any pecuniary relationship or transaction with the non-executive directors.

The company does not pay any performance linked incentives to the directors.

The sitting fees paid to Non-Executive Directors including Independent Directors are within the limits prescribed under the Companies Act, 1956, and therefore, do not require the prior approval of shareholders.

(C) Code of Conduct

K S Oils Code of Conduct as adopted by the Board of Directors is applicable to the Directors, senior management and employees of the Company. The code is based on the principals of good corporate governance and good corporate citizenship. The code covers the Company's commitment to healthy development, environmental safety, productive and healthy workplace for employees, legal compliance and leading by setting personal examples.

Code of Conduct for Prevention of Insider Trading

K S Oils has a code of conduct for prevention of Insider Trading in the share and securities of the company. The company code of conduct prohibits purchase/ sale of shares of the company by the employees who are in possession of unpublished price sensitive information in relation to the company.

Declaration by Managing Director

I, Ramesh Chand Garg, Managing Director of K. S. Oils Limited, hereby confirms that all the Board members and Senior Management personnel have affirmed compliance with the code of conduct for the period from January 01, 2013 to March 31, 2014.

Sd/-
Place: New Delhi — Ramesh Chand Garg
Date: 01/08/2015 — Managing Director