K S OILS LIMITED

ANNUAL REPORT
2014-15

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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. Arvind Pandalai
Independent Director
(DIN : 00352809)

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

Mrs. B. Swarupa Rani
Independent Director
(DIN : 07099356)

Company Secretary
Sandeep Kumar
(ACS : 29777)

Statuary Auditors
M/s Ladha G. D. & Co.
Chartered Accountants
(Firm Reg. No. - 010962C)

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

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

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
Boda Venkat Ram, Chairman
Arvind Pandalai
Davesh Agarwal

Stakeholder's Relationship Committee
Arvind Pandalai, Chairman
Boda Venkat Ram
B. Swarupa Rani

Remuneration & Compensation Committee
Boda Venkat Ram, Chairman
Arvind Pandalai
Davesh Aggarwal

Corporate Social Responsibility Committee
Ramesh Chand Garg, Chairman
Davesh Agarwal
Boda Venkat Ram

Management & Finance Committee
Ramesh Chand Garg, Chairman
Davesh Agarwal
Boda Venkat Ram

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative" in the Corporate Governance by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report (shareholders communication) can be sent by email to its Members. As a support to this "Green Initiative" of the Government, Shareholders who have not yet registered their e-mail ids / addresses, are requested to kindly register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members, who hold shares in physical form, are requested to kindly send the e-communication Registration Form as attached with this Annual Report to Registrar and Share Transfer Agent of the Company (M/s. Ankit Consultancy Private Limited).

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMIC OVERVIEW

In the wake of a new Central Government's moto "Make in India", the GOI taking initiative to make the India as Investment Friendly destination for the Foreign and Domestic Investors as well as recently the higher spending on gross capital formation, slowing inflation, lowering interest rates and crude oil price compared to the previous fiscal year, some sectors of the economy have started showing signs of revival and higher growth. Both fiscal and current account deficits remained relatively stable, which contributed to growth.

As adjusted for a methodological revision in India's GDP calculation, GDP for Fiscal 2014 increased by 6.9% (compared to a previous estimate of 4.7%) and GDP for Fiscal 2015 increased by 7.3% (compared to a previous estimate of 5.5%). Growth in Agriculture and Industry decreased in Fiscal 2015 by 1.1% as compared to 3.7%, while services sector growth increased by 8.4% as compared to 11.1% in the same period. IIP growth has shown signs of revival based on increases in IIP between November 2014 to March 2015. IIP increased by 2.8% in Fiscal 2015 as compared to a decrease of 0.1% in Fiscal 2014. Significant factors influencing IIP growth in Fiscal 2015 included a 1.4% increase in the mining sector in Fiscal 2015 compared to a decrease of 0.6% in Fiscal 2014, and an increase in the manufacturing sector of 2.3%, compared to a decrease of 0.8% in Fiscal 2014. However, consumer durables continue to remain negative at 12.5% (negative 12.2% in Fiscal 2014) (Source: Ministry of Statistics and Programme implementation).

The Indian economy in 2014-2015 has emerged as one of the largest economies with a promising economic outlook on the back of controlled inflation, rise in demand, increase in investments, decline in crude oil prices and reforms. The macro economic situation has improved though concerns relating to construction, mining and agriculture (due to bad monsoon) still exists in the country. Several reforms have been taken in the banking and insurance sectors in 2014-2015 by diluting Government stake.

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 (2014-15) still remains far below the world average of 24 kg approx. Indian production of vegetable oils stands at 7.91 Mn tons and demand at about 18.00 Mn tons, resulting in deficit and import requirement at 10.09 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 Soyabean Oil and other oils constituting balance 30% of imports.

Import dependence was about 3 per cent during 1992-93. The production of indegeneous 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 and 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 15 kg approx. in 2014-15. 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.

INDUSTRY STRUCTURE AND DEVELOPMENTS

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.

Evolution is a continuous process in any industry as well. Companies in a highly competitive environment are required to focus even more on their core business activities and have to adapt accordingly. In a competitive growth environment a well defined structure of vegetable oil price relationship has evolved in recent years worldwide. The manufactures formulate their products on the basis of technical characteristics of the oils and for many products after extensive research.

The domestic edible oil consumption has been steadily growing with per capita consumption of approx. 15 kg (2014-15). It still remains far below the estimated world average per capita consumption of around 24 kg. The demand drivers include consistent disposable income over a period of time, demographic profile, low commodity prices etc. However, the supply growth has been primarily lower due to relative stagnancy in the domestic oil seed output, thereby resulting in India becoming the largest importer of vegetable oil in the world. In view of the demand supply gap, over 60% of the domestic edible oil consumption is met by imports, with Palm and Soya oil accounting for over 84% of the imported volume. The oil meal produced as a result of processing of oil seed, is essentially consumed as poultry, fish and cattle feed. A significant part of soya meal is generally exported to the Asian region even though the domestic demand is fast growing.

During the year under review, the international economic situations coupled with steep fall in commodity prices have impacted domestic business sentiments considerably. The landed import prices of vegetable oils in India also moved downward in line with the fall in international prices: Crude palm oil by 32%, Crude Soyabean oil by 23%, Crude sunflower by 16% , while Indian Rupee (with reference to USD) by 2.5%.

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 often 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 a technology permit product flexibility at any given time; production can be switched between any three edible oilseeds – mustard, soyabean 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 company is still facing a potential threat of liquidity crunch to run its plants. 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 fulfill 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.

The biggest strength of K S Oils 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 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 of our products by delivering superior quality. The trend of palm oil consumption increasing in India is a head start for our backward integration in sync palm production. Favorable government policies will ensure that the organized edible oil industry grows significantly.

We face threats of 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. Fluctuations in 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 the Consolidated Balance Sheet Note to the audited accounts of the company, provided in the Annual Report.

OUTLOOK FOR K S OILS

K S Oils ltd 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
- Focus to create cost leadership at procurement and manufacturing levels
- Profitable and Inclusive Growth

The Company believes that once the liquidity crisis is over the company will be able to regain its past glory. The company has seriously initiated a process of locating potential investors against which the company has received positive responses. The due diligence of the company by the intended investors is underway.

DISCUSSION ON FINANCIAL PERFORMANCE

The last Financial Year i.e 2013-2014 was extended to 15 months, hence not comparable with the financial year 2014-2015. During the financial year 2014-2015 of the Company as Standalone net loss of Rs. 229,87 Lakhs and Standalone revenue from operations is Rs. 7,246 Lacs.

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.

CAUTIONARY STATEMENT

Statements made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "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.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges all Board Members and Senior Management Personnel have affirmed compliance with K.S. Oils Limited Code of Business Conduct and Ethics for the year ended 31st March, 2015.

By the Order of the Board of Directors

For **K. S. Oils Limited**

Davesh Agarwal	Ramesh Chand Garg
Executive Director & CFO	Managing Director
DIN : 01102237	DIN: 00027025

Date : 05/12/2015
Place : New Delhi

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the **Twenty Ninth Annual Report** with the Audited Accounts for the financial year ended on March 31, 2015

FINANCIAL RESULTS

(Rs. In Lakhs)

Particulars	Standalone		Consolidated	
	2014-2015 (12 Months)	**2013-2014 (15 Months)**	**2014-2015 (12 Months)**	**2013-2014 (15 Months)**
Sales/Income from operations	7,246	1,00,884	7,751	1,01,442
Other Income	617	1,159	617	972
Less: Expenses	7,493	1,34,963	13,393	1,36,640
Profit/Loss before Finance Cost, Depreciation, Exceptional Items and Taxes	370	(32,920)	(5025)	(34,226)
Less: Finance Cost (Interest)	623	18,041	624	18,042
Less: Depreciation	5,343	7,605	5,376	7,644
Less: Exceptional Items	17,194	93,129	11,718	91,229
Profit/Loss before Taxes	**(22,790)**	**(1,51,695)**	**(22,743)**	**(1,51,142)**
Less: Provision for Taxes				
(a) Tax related to previous years	3	(685)	3	(685)
(b) Deferred Tax Adjustment	194	29	194	29
Profit/(Loss) after Taxes	**(22,987)**	**(1,51,039)**	**(22,940)**	**(1,50,486)**
Proposed Dividend	00	00	00	00
Dividend Tax	00	00	00	00
Minority Interest	00	00	(550)	(111)
Balance carried to Balance Sheet	(22,987)	(1,51,039)	(22,389)	(1,50,374)
Earning Per Equity Share				
Basic/ Diluted (F.V. Re. 1 each)	(5.07)	(32.98)	(4.94)	(32.83)

FINANCIAL REVIEW

During the Financial year under review, your company's total sales (Standalone) were Rs 7,246 Lakhs. The Profit before finance cost, depreciation, exceptional items and taxes (Standalone) was Rs. 370 Lakhs. The finance cost (Standalone) was Rs. 623 Lakhs. The EPS (Earning per Share) of the Company is Rs. (5.07) for the period ended March 31, 2015. The stalled operation of the Company has severely affected the performance of the Company.

The previous financial year of the Company was extended by 3 month i.e. from 31/12/2013 to 31/03/2014. Hence the current financial year of the Company is not comparable with the results of the previous financial year 2013-2014 which was 15 months period.

DIVISION WISE OPERATIONAL PERFORMANCE FOR THE PERIOD ENDED MARCH 31, 2015 WAS AS UNDER:

A. Oil Division

1. **Mustard Oil**: During the period under review the Company's mustard oil plant was utilized up to 5.13 % of its installed available capacity; it processed 67,764 MT (Include 67,764 MT Processed under Job work arrangement) of mustard seeds. Mustard Oil production stood at 20,875 MT (Includes 20,875 MT produced under Job work arrangement) against that of 9,951 MT in the previous year, recording a significant Increase of 109.78% as compared to previous year.
2. **Refined Oils**: The Company's refined oil plants utilized 5.00% of its available capacity and processed 23,981 MT (Include 23,981 MT Processed under Job work arrangement) of crude oil. Refined oil production stood at 22,753 MT (Includes 22,753 MT produced under Job work arrangement) against that of 26,705 MT in the previous year, recording a significant decrease of 14.80% over the previous year.
3. **De Oiled Cake (DOC)**: Solvent extraction plant utilized 9.53 % of its available capacity during the year under review and processed 120,032 MT (Include 120,032 MT Processed under Job work arrangement) of oil cake/seeds. During the year, DOC production was at 111,661 MT (Includes 111,661 MT produced under Job work arrangement) as against 132,882 MT during the previous year, thus recording a decrease of 15.97% over the previous year.

B. Power Division

During the year power generated through wind mills was 102,398,049 units as against 124,521,579 units in the last year, thus recording a decrease of 17.77% over the previous year. Out of these units, the Company has utilized 7,545,287 units for in-house consumption and sold 94,852,762 units.

JOB WORK:

The company is in stringent working capital situation and hence the company is currently unable to source Seeds for its own production. (Seeds are the prime input both in quantitative & price terms for any product in the Edible Oil Sector). Accordingly, during the year, company has earned a portion of its revenue from job-work. Job work has been done for local suppliers who are inclined to increase their job work in the company in view of imported machinery, state of art infrastructure and superior quality product. Job-work has enabled the company to meet with employee expenses and plant maintenance expenses and reduce its cash losses. The company expects increase in revenue contribution from job-work in future adding to the bottom line.

DIVIDEND

Considering the stalled operating operations of the company and in view of the continuous losses, no dividend is proposed to be paid for the Fiscal 2014-2015, as per the Companies (Declaration and Payment of Dividend) Rules, 2014.

EROSION OF NET WORTH

As per the Audited Financial Statements for Financial Year 2014-15, the accumulated losses of the Company as on 31st March, 2015, are in excess of its entire net worth as on the same date, as such the Company has become a Sick Industrial Company and the necessary reference be made with the Board for Industrial & Financial Reconstruction (BIFR) in terms of the provisions of Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), for determination of measures for its rehabilitation. The Company is in the process of making the necessary statutory compliances.

CHANGE IN SHARE CAPITAL

During the financial year under review, there was no change in the share capital of the company.

CORPORATE GOVERNANCE

Your Company follows the highest standards of Corporate Governance best practices. It adheres to and has implemented the requirements set out by SEBI's Corporate Governance practices. As a part of this practice, a separate section on Corporate Governance forms a part of the Directors' Report. A certificate from CS Mayank Dubey, practicing Company Secretary, confirming compliance of Clause 49 on Corporate Governance of the Listing Agreement is included in this Annual Report. The Managing Director & Executive Director & CFO of the Company have issued the required certificate to the Board in terms of Clause 49 (IX) of the Listing Agreement for the financial year ended on March 31, 2015.

With regard to the observations made by Practicing Company Secretary in his compliance certificate pursuant to Clause 49(IV) (A) of the listing Agreement, it has been clarified that, the company could not be able to follow the same due to non availability of non executive director, however, the company has made an appointment of Independent Director on February 17, 2015 and reconstituted the Committee of the Nomination and Remuneration on June 13, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report (MD&A) for the year under review, as stipulated under Clause 49 of the Listing Agreement, is presented in a separate section forming part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Associates and AS - 27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statement is provided in the Annual Report.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The details of the Directors being recommended for Appointment pursuant to Clause 49 of the Listing Agreement are included in the accompanying Notice of the ensuing Annual General Meeting.

Cessation

During the period under review Mr. Sourabh Garg, Executive Director, Mr. P. K. Mandloi, Independent Director, Mr. R. S. Sisodia, Independent Director and Mr. B. N. Singh, Independent Director have been removed from the Board of Directors w.e.f September 03, 2014.

The Nominee Director Mr. B. S. Bhasin (SBI) and Mr. M.B. Kaul (IDBI) have been ceased to be directors of the Company w.e.f July 02, 2014 & November 11, 2014 respectively.

Appointment

In terms of the Section 149 of the Companies Act, 2013 Mrs. B. Swarupa Rani was appointed Additional Independent Women Director of the Company w.e.f February 17, 2015 for a period of 5 (five) years to hold office till February 16, 2020. This is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

In addition to the above, Mr. Ramesh Chand Garg, Managing Director, Mr. Davesh Agarwal, Executive Director & CFO and Mr. Sandeep Kumar, Company Secretary have been designated as the Key Managerial Personnel of the Company under Section 203 of the Companies Act, 2013.

Board Evaluation

The Company has devised a mechanism for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors. The criteria for performance evaluation of directors cover the areas relevant to their functioning as member of Board or its Committees thereof.

The manner in which the performance evaluation of the board and its committees, the chairman and the directors individually has been carried out and explained in the Corporate Governance Report.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

Meetings

The calendar of Meetings is prepared and circulated in advance to the Directors. During the year five Board meetings and five Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Committees

The Board currently has 5 (five) Committees:

1) Audit Committee: As on March 31, 2015, the Audit Committee comprised of Mr. Boda Venkat Ram as Chairman, Mr. Arvind Pandalai and Mr. Davesh Agarwal as Members.
2) Nomination and Remuneration Committee: As on March 31, 2015, the Committee comprised of Mr. Boda Venkat Ram as Chairman, Mr. Arvind Pandalai and Mr. Davesh Agarwal as Members.
3) Stakeholders Relationship Committee: As on March 31, 2015, the Committee comprised of Mr. Arvind Pandalai as Chairman, Mr. Boda Venkat Ram and Mr. Davesh Agarwal as Members.
4) Corporate Social Responsibility Committee: As on March 31, 2015, the Committee comprised of Mr. Ramesh Chand Garg as Chairman, Mr. Davesh Agarwal and Mr. Boda Venkat Ram as Members.
5) Management and Finance committee: As on March 31, 2015, the Committee comprised of Mr. Ramesh Chand Garg as Chairman, Mr. Davesh Agarwal and Mr. Boda Venkat Ram as Members.

Separate Independent Directors' Meetings

The Independent Directors meet at least once in a year, without the presence of Executive Directors or Management representatives. They also have a separate meeting with the Non-Executive Chairman, to discuss issues and concerns, if any.

The Independent Directors met on 17th February, 2015 during the Financial Year ended 31st March, 2015.

Familiarization programme for Independent Directors

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry. The details of the same is available on the website of the Company www.ksoils.com.

The Nomination, Remuneration and Evaluation Policy is attached herewith marked as Annexure - I

There are Nil recommendation of the Audit Committee which has not been accepted by the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors Responsibility Statement, your Directors confirm:

a). That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departure was made for the same;

b). That Directors have 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 and of the profit of the Company for the period ended on March 31, 2015;

c). That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d). That the annual financial statements have been prepared on a going concern basis;

e). That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

f). That proper systems had been devised to ensure compliance with the provisions of all applicable laws and were adequate and operating effectively.

CODE OF CONDUCT

The Company has in place a comprehensive Code of Conduct (the Code) applicable to Directors, Independent Directors and Senior Management Personnel. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company. A copy of the Code has been put on the Company's website www.ksoils.com. The Code has been circulated to Directors and Senior Management Personnel and its compliance is affirmed by them annually.

PREVENTION OF INSIDER TRADING

The Securities and Exchange Board of India (SEBI) vide notification dated January 15, 2015 has put in place a new framework for prohibition of Insider Trading in Securities and to strengthen the legal framework thereof. These new regulations of the SEBI under the above notification have become effective from May 15, 2015. Accordingly, the Board has formulated the Code of Practice for Fair Disclosure of Unpublished Price Sensitive Information in accordance with Regulation 8 of Insider Trading Regulations, 2015 and the Code of Conduct, as per Regulation 9 for regulating, monitoring and reporting of Trading of Shares by Insiders. The Code lays down guidelines, procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them on consequences of non-compliances. The copy of the same is available on the website of the Company.

RELATED PARTY TRANSACTIONS

There are no related party transactions as per Section 188 of the Companies Act, 2013 however, the significant transaction carried out during the financial Period as per AS18 is disclosed in Note No. 47 of the Standalone Financial Statement and the same were carried on arm's length basis. Therefore the requirement of AOC2 is not mandated. Except Managerial Remuneration and disclosers made elsewhere, there are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The policy on Related Party Transactions as approved by the Board may be accessed on the Company's website at the link: http://www.ksoils.com/pdf/RTPPolicy_2015.pdf

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

During the period under review the Company has not made any fresh Investment or given guarantees or provided securities. Particulars of loans given along with the purpose for which the loans are provided is disclosed in the standalone financial statement *(Please refer Notes 13 & 18).*

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: http://www.ksoils.com/pdf/CSRPolicy.pdf

During the year, the Company has spent Nil amount on CSR activities as the Company is having a continuous loss. The Annual Report on CSR activities is annexed herewith as Annexure - II to this report.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as Annexure - III to this Report.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure-IV to this Report.

STATUTORY AUDITORS AND REPORT

M/s Ladha G. D. & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company from Adjourned 28th Annual General Meeting until the conclusion of 32nd Annual General Meeting of the Company subject to ratification by the shareholders at every Annual General Meeting. The Company has also received a certificate from M/s Ladha G. D. & Co., Chartered Accountants pursuant to Section 139 of the Companies Act 2013, confirming their eligibility.

The Independent Auditors report contains the qualification and management response thereof has been made in the notes to the accounts wherever necessary. However, the said qualifications/ reservations / observations have been duly addressed by the management. In the opinion of the management, there would be no material impact expected on the reported loss for the period on this account.

Further, all observations made in the Auditors' Report and notes to the accounts are self-explanatory and may be treated as information/ explanation submitted by the Board as contemplated under provisions of the Companies Act, 2013.

SECRETARIAL AUDITORS AND REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. M. D. & Associate, Company Secretaries, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith as Annexure - VI.

The report does not contain any qualification save and except the following:

i. The company has delayed / defaulted in filling of several forms with the Registrar of Company including Annual Accounts within due time as the same has not been finalized during audit period; There is a gap of more than 15 months between two AGM's due to extended financial year of 15 months; and AGM held on 30/09/2014 which was adjourned due to non-finalization of Annual Accounts and non-appointment of Statutory Auditor.

Management Response: Due to casual vacancy of Independent Auditor the Annual Accounts could not get finalized and in lining up the procedural aspect the delay has occurred. In line of the above, the Company has improved the manner and process for filing of forms with the Registrar of Companies.

ii. Internal Auditor has not been appointed.

Management Response: Due to non availability of the qualified personal in remote location the company could not be able to appoint the Independent Auditor. However, the company is endeavouring to achieve the same.

iii. Limited Review Report for the quarterly result has not been provided by the Statutory Auditor hence could not take up and approve by the Audit committee and Board respectively.

Management Response: The same is due to rotation of Statutory Auditor and for covering up the backlog created pursuant to such casual vacancy.

iv. The Company has delay / default in Clause 41 and 49(VI) (A) of the Listing Agreement

Management Response: The Company has appointed one Independent Director and reconstituted the Nomination and Remuneration Committee as per Clause 49(VI) (A).

v. The Company has delay Default in filling of Annual Performance Report in respect of foreign subsidiary with RBI through Authorized dealer and Monthly and Annual Return of ECB External Commercial Borrowing

Management Response: In line of the above, the company has improved the process for future. Further due to delay in Adoption of Financial Statement as described in abovementioned point no. 1 the said default has been occurred.

COST AUDITORS

M/s. S. K. Saxena & Co., Cost Accountants (Registration No. 100126) have been re-appointed by the Board of Directors of the Company at a remuneration of Rs. 35,000/- subject to payment of applicable taxes thereon and re-imbursement of out of pocket expenses to conduct audit of the cost accounting records of the Company for the financial year 2015-16. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the Annual General Meeting.

LISTING

The Equity Shares of your Company are listed at National Stock Exchange of India Ltd. and Bombay Stock Exchange Limited, the National Stock Exchange has suspended the trading w.e.f June 21, 2013. The Annual Listing fees for the listed equity shares of the Company, pertaining to the year 2015-16 has been paid to the Bombay Stock Exchange, however Listing fees to the National Stock Exchange has not been paid.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

At the beginning of the year, we had 7 (Seven) subsidiaries. As on March 31, 2015. We have 1 (One) direct subsidiaries, 6 (six) step-down subsidiaries.

A statement pursuant to Section 129 of the Companies Act, 2013 relating to subsidiaries, Joint Ventures or Associate Companies for the year ended on March 31, 2015 has been attached in the Annual Accounts.

The Consolidated Financial Statements of the Company and all its subsidiaries as prepared in compliance with the applicable accounting standards and listing agreements are enclosed. The statement of statutory information in aggregate for each subsidiary is enclosed along with the Consolidated Financial Statements. The annual accounts of the subsidiaries shall be made available to the shareholders seeking such information and shall also be available for inspection at its Registered Office. The Policy for determining material subsidiaries as approved may be accessed on the Company's website in investor section: http://www.ksoils.com/pdf/Policy_MaterialNon-ListiedSubsitiary.pdf

INTERNAL FINANCIAL CONTROL

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

RISK MANAGEMENT

The Company has laid down the procedures to inform Board Members about risk assessment and

minimization procedures. The Board of Directors of the Company has framed risk management policy which can be accessed on the Company's website at the link: http://www.ksoils.com/pdf/RiskManagementPolicy_2015.pdf This policy forms part of the internal control and corporate governance process of the Company. Basically the aim of this policy is not to eliminate risks, rather to manage the risks involved in the Company activities to maximize opportunities and minimize adversity by considering the following:-

- Identification of risk, define ownership with clearly defined role and responsibilities;
- Balance between the cost of managing risk and the anticipated benefits;
- Contributing to more efficient use/allocation of capital and resources;
- to encourage and promote an pro-active approach towards risk management
- Identifying any unmitigated risks and formulating action plans for its treatment through regular review.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The Company did not have any employee of the category mentioned in Section 197(12) of the Companies Act, 2013, read with the Rule 5(2) & (3) of the Companies Appointment and remuneration) Rules, 2014 as Amended and forming part of the Directors' Report for the Financial Year ended March 31, 2015

The ratio of remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as part of this report at Annexure - V.

HUMAN RESOURCES

Your Company maintained healthy, cordial and harmonious industrial relations at all levels during the year under report. Your Company firmly believes that a dedicated workforce constitute the primary source of sustainable competitive advantage. Accordingly, human resource development continues to receive focused attention. Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the staff and workforce of your Company. There are 364 numbers of employees of the Company as on 31 March 2015.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee. The same has also been displayed on the website of the Company and the link for the same is http://www.ksoils.com/pdf/WBlowerPolicy_2014-15_1.pdf

ENHANCING SHAREHOLDERS VALUE

Your Company believes that its Members are amongst its most important stakeholders. Accordingly, your Company's operations are committed to the pursuit of achieving high levels of operating performance and cost competitiveness, consolidating and building for growth, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively impact the socio-economic and environmental dimensions and contribute to sustainable growth and development.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future disclosed in Auditors Report.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

FORWARD LOOKING STATEMENT

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

ACKNOWLEDGEMENT

Your Directors thank various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

By the Order of the Board of Directors

For **K. S. Oils Limited**

Davesh Agarwal	Ramesh Chand Garg
Executive Director & CFO	Managing Director
DIN : 01102237	DIN: 00027025

Date : 05/12/2015
Place : New Delhi

ANNEXURE - I TO THE DIRECTORS' REPORT

NOMINATION, REMUNERATION AND EVALUATION POLICY

This Nomination, Remuneration and Evaluation Policy (the "Policy") applies to the Board of Directors (the "Board"), Key Managerial Personnel (the "KMP") and the Senior Management Personnel of K. S. Oils Limited (the "Company").

"Key Managerial Personnel (KMP) means—

i. Managing Director;
ii. Company Secretary;
iii. Whole-time Director;
iv. Chief Financial Officer; and
v. Such other Officer as may be prescribed.

The term "Senior Management Personnel" means all members other than the Directors and KMPs of the Company, who are the functional heads of the different functions of the Company.

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

1. Purpose

The primary objective of the Policy is to provide a framework and set standards for the selection, nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

2. Accountabilities

2.1 The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

2.2 The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes recommendations and nominations to the Board.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for:

3.1 reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;

3.2 identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;

3.3 recommending to the Board on the selection of individuals nominated for directorship;

3.4 making recommendations to the Board on the remuneration payable to the Directors/ KMPs/Senior Officials so appointed reappointed;

3.5 assessing the independence of independent directors;

3.6 such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provision of the Companies Act 2013 and Rules thereunder;

3.7 to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

3.8 ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

3.9 to devise a policy on Board diversity and

3.10 to develop a succession plan for the Board and to regularly review the plan.

The Nomination and Remuneration Committee comprises of the following:

i. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

ii. Minimum two (2) members shall constitute a quorum for the Committee meeting.

iii. Membership of the Committee shall be disclosed in the Annual Report.

iv. Term of the Committee shall be continued unless terminated by the Board of Directors.

Chairman

a). Chairman of the Committee shall be an Independent Director.

b). Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

c). In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

d). Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

Committee Members' Interests

a). A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

b). The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Voting

a). Matters arising for determination at Committee meetings shall be decided by a majority of votes of the Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

b). In the case of equality of votes, the Chairman of the meeting will have a casting vote.

4. Appointment of Directors/KMPs/Senior Officials

4.1 Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/ a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee has regard to:

- assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- The skills and experience that the appointee brings to the role of KMP/Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole;