K S OILS LIMITED

ANNUAL REPORT
2015-16

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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 (Phoenix ARC Private Limited)
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

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016-17.

The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices.

India was ranked the highest, globally in terms of consumer confidence during October-December quarter of 2015, continuing its earlier trend of being ranked the highest during first three quarters of 2015, as per the global consumer confidence index created by Nielsen.

MARKETS SIZE

According to IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 7 - 7.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will be growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years.

Foreign direct investment (FDI) in India have increased by 29 per cent during October 2014-December 2015 period post the launch of Make in India campaign, compared to the 15-month period before the launch.

The Nikkei/Market Manufacturing Purchasing Managers' Index (PMI) for February 2016 was reported at 51.1, indicating expansion in Indian manufacturing activity for a second month in a row, as both domestic and foreign demand increased due to lower prices.

The steps taken by the government in recent times have shown positive results as India's gross domestic product (GDP), registering a growth rate of 7.6 per cent. The economic activities which witnessed significant growth were 'financing, insurance, real estate and business services' at 11.5 per cent and 'trade, hotels, transport, communication services' at 10.7 per cent.

According to a Goldman Sachs report released in September 2015, India could grow at a potential 8 per cent on average during fiscal 2016 to 2020 powered by greater access to banking, technology adoption, urbanization and other structural reforms.

RECENT DEVELOPMENTS

With the improvement in the economic scenario, there have been various investments leading to increased M&A activity. Some of them are as follows:

India has emerged as one of the strongest performers with respect to deals across the world in terms of Mergers and Acquisitions (M&A). The total transaction value of M&A involving Indian companies stood at US$ 26.3 billion with 930 deals in 2015 as against US$ 29.4 billion involving 870 deals in 2014. In the M&A space, Telecom was the dominant sector, amounting to 40 per cent of the total transaction value. Also, Private equity (PE) investments increased 86 per cent y-o-y to US$ 1.43 billion.

Total private equity (PE) investments in India for 2015 reached a record high of US$ 19.5 billion through 159 deals, according to the PwC MoneyTree India report.

According to The World Bank, India's per capita income is expected to cross Rs 100,000 (US$ 1,505.4) in FY 2017 from Rs 93,231 (US$ 1,403.5) in FY 2016.

GOVERNMENT INITIATIVES

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. India has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy. This initiative is expected to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy. The government is looking at a number of reforms and resolution of pending tax disputes to attract investments.

Currently, the manufacturing sector in India contributes over 15 per cent of the GDP. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP.

Based on the recommendations of the Foreign Investment Promotion Board (FIPB), FDI inflows have increased 40 per cent during April-December 2015 to reach US$ 29.44 billion.

The Government of India has launched an initiative to create 100 smart cities as well as Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for 500 cities with an outlay of Rs 48,000 crore (US$ 7.16 billion) and Rs 50,000 crore (US$ 7.46 billion) respectively. Smart cities are satellite towns of larger cities which will consist of modern infrastructure and will be digitally connected.

OVERVIEW OF INDIAN EDIBLE OIL INDUSTRY

India plays an important role in the global edible oil market, accounting for 10-12% share of consumption; 6-8% share of oilseed production; 4-6% share of edible oil production, and 12-14% share of world edible oil imports for FY15. Furthermore, the industry is highly dependent on availability of raw material, domestic production of oil seeds, annual rainfall, global price fluctuations and consumer preferences. Availability of edible oil in India has shown a compound annual growth rate (CAGR) of 7.32% during OY 06- OY 15 with y-o-y growth of 8.02% in OY15 over O14, whereas the growth in population has remained at CAGR of 1.29% during 2006-2015. Majority of the demand supply gap of edible oil in India is being filled through imports.

The growth in production of domestic edible oil has not been able to keep pace with the growth of consumption. Thus, this gap is being met by the imports that account for almost 55-65% of the total oil consumption during past five years. Continuous increase in the gap between demand and supply of edible oil has forced India to do huge import from leading exporter countries of edible oil. The demand supply gap is becoming wider mainly due to limited availability of oil seeds, shifting of acreage to other crops and increase in demand of edible oil.

More than 14 million tonnes of edible oil was imported with a total value of Rs.64,396.49 crore during FY15. In terms of volumes, crude edible oil contributes about 89% and refined oil contributes about 11% of the total import during FY15. Of the 89% of imported crude edible oil, palm oil, soybean oil and sunflower oil contributes about 54%, 21% and 11%, respectively. India is importing edible oil from Indonesia, Malaysia, Argentina and Ukraine contributing about 36%, 23%, 17% and 13%, respectively, of total imports.

Demand of edible oil is mainly driven by increase in per capita consumption of edible oil, rising income levels and improvement of living standards. However, the Indian edible oil market continues to be underpenetrated as current per capita consumption level of India (at 14.4 Kg/year for 2014-15) is much lower than global averages (24 kg/year). Furthermore, domestic consumption of edible oil is expected to increase with enhancement in income level and population.

INTERVENTION OF GOVERNMENT TO TACKLE IMPORT OF EDIBLE OIL

Government of India is promoting National Mission on Oilseeds and Oil Palm (NMOOP) during 2012-17 to achieve objectives such as increasing Seed Replacement Ratio (SRR) in oil crops with focus on Varietal Replacement, increasing irrigation coverage under oilseeds from 26% to 36%, diversification of area from low yielding cereals crops to oilseeds crops, inter-cropping of oilseeds with cereals/ pulses/ sugarcane, use of fallow land after paddy/potato cultivation, expansion of cultivation of Oil Palm and tree borne oilseeds in watersheds and wastelands, increasing availability of quality planting material

enhancing procurement of oilseeds and collection, and processing of tree borne oilseeds.

CONCLUSION

Indian Edible oil Industry has witnessed financial stress due to droughts, rising production costs and cheaper imports thus forcing several small firms to shut shop. India imports nearly 67% of its edible oil requirements; the rest is being met from domestic production. Area expansion under palm oil fell by over 50% over the last couple of years due to low prices of crude palm oil and poor rainfall. Though the duty differential between crude and refined palm oil is 7.5%, edible oil sellers are finding it more convenient to import refined palm oil directly from Malaysia and Indonesia and sell it in the domestic market thus placing the edible oil processing units to operate at hair line margins or in worst case scenario wherein the units are small the operations have become unvailable. The performance of the companies in edible oil sector for medium term period will depend upon the demand of CPO in India post recent increase in import duties on refined edible oils, movement of domestic edible oil prices, performance of Indian Rupee against US Dollar, anticipated sales volumes and profitability margins from the specialty fats business with comprehensive product range including bakery shortening's, chocolate & confectionary fats, ice cream fats and a range of cooking oils.

OUTLOOK FOR K S OILS

Due to the high debt and liquidity crunch, the Company currently not operating its plants. The management of the Company is under process to settle its debts with the lenders and the Company believes that once the liquidity crisis is over the company will be able to regain its past glory. The company's earnest efforts to locate potential investors have since yielded positive responses from various investors whereby the Company have submitted viable proposals to the lenders for its revival and the same is said to be under their active consideration.

K S Oils ltd continue to focus 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

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, 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 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.

DISCUSSION ON FINANCIAL PERFORMANCE

The Income from Operations recorded a decrease of 66.25% to Rs. 2,444/- Lacs as compared to Rs. 7,246/- Lacs in 2014-15. Your Company recorded a Profit/(Loss) after tax of Rs. (14,934) lacs in 2015-16 as against Loss of Rs. (22,987) Lacs during preceding Financial 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 personnel 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.

By the Order of the Board of Directors

For **K. S. Oils Limited**

Ramesh Chand Garg
Managing Director
DIN: 00027025

Davesh Agarwal
Executive Director & CFO
DIN : 01102237

Date : October 14, 2016
Place : New Delhi

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the **Thirtieth Annual Report** with the Audited Financial Statement of your company for the financial year ended on March 31, 2016

FINANCIAL PERFORMANCE SUMMARY

The summarized financial highlight is depicted below: *(Rs. In Lakhs)*

Particulars	Standalone		Consolidated	
	2015-2016	**2014-2015**	**2015-2016**	**2014-2015**
Sales/Income from operations	2,444	7,246	4,212	7,751
Other Income	1,352	617	1,508	617
Less: Expenses	14,277	7,493	14,284	13,393
Profit/Loss before Finance Cost, Depreciation, Exceptional Items and Taxes	**(10,481)**	**370**	**(8,564)**	**(5025)**
Less: Finance Cost (Interest)	224	623	224	624
Less: Depreciation	3,661	5,343	3,661	5,376
Less: Exceptional Items	454	17,194	454	11,718
Profit/Loss before Taxes	**(14,820)**	**(22,790)**	**(12,903)**	**(22,743)**
Less: Provision for Taxes				
(a) Tax related to previous years	0	3	0	3
(b) Deferred Tax Adjustment	115	194	115	194
Profit/(Loss) after Taxes	**(14,934)**	**(22,987)**	**(13,018)**	**(22,940)**
Proposed Dividend	00	00	00	00
Dividend Tax	00	00	00	00
Minority Interest	00	00	00	(550)
Balance carried to Balance Sheet	(14,934)	(22,987)	(12,780)	(22,389)
Earning Per Equity Share				
Basic/ Diluted (F.V. Re. 1 each)	(3.32)	(5.07)	(2.85)	(4.94)

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report

FINANCIAL REVIEW

During the Financial year under review, your company's total sales (Standalone) were Rs 2,444 Lakhs. The Loss before finance cost, depreciation, exceptional items and taxes (Standalone) was Rs. 10,481 Lakhs. The finance cost (Standalone) was Rs. 224 Lakhs. The EPS (Earning per Share) of the Company is Rs. (3.32) for the period ended March 31, 2016. The stalled operation of the Company has severely affected the performance of the Company.

A. Oil Division

1. **Mustard Oil**: During the period under review the Company's mustard oil plant was utilized up to 1.05 % of its installed available capacity; it processed 13,899 MT (Include 13,899 MT Processed under Job work arrangement) of mustard seeds. Mustard Oil production stood at 4,122 MT (Includes 4,122 MT produced under Job work arrangement) against that of 20,875 MT in the previous year, recording a significant decrease of 80.25% as compared to previous year.
2. **Refined Oils**: The Company's refined oil plants utilized 5.93 % of its available capacity and processed 28,485 MT (Include 28,485 MT Processed under Job work arrangement) of crude oil. Refined oil production stood at 28,048 MT (Includes 28,048 MT produced under Job work arrangement) against that of 22,753 MT in the previous year, recording a significant increase of 23.27% over the previous year.
3. **De Oiled Cake (DOC)**: Solvent extraction plant utilized 0.80 % of its available capacity during the year under review and processed 10,037 MT (Include 10,037 MT Processed under Job work arrangement) of oil cake/seeds. During the year, DOC production was at 9,199 MT (Includes 9,199 MT produced under Job work arrangement) as against 111,661 MT during the previous year, thus recording a decrease of 91.76% over the previous year

B. Power Division

During the year power generated through Wind Mills was 17,963,430 units as against 102,398,049 units in the last year, thus recording a decrease of 82.46% over the previous year. This decrease due to the sale of 73.20 MW Wind Mills by the Company in the previous year. The entire electricity generated through Wind Mills has sold to the concerned DISCOMs and generated income of Rs. 564.77 Lacs.

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 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.

TRANSFER TO RESERVES

The Company has not transferred any amount to the reserves during the current financial year.

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 2015-2016, as per the Companies (Declaration and Payment of Dividend) Rules, 2014.

EROSION OF NET WORTH

As per the Audited Financial Statements for Financial Year 2015-16, the accumulated losses of the Company as on 31st March, 2016, 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 has not been 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.

CONSOLIDATED FINANCIAL RESULTS

The Consolidated Financial Statements of the Company are prepared in accordance with the provisions of Companies Act, 2013 and Accounting Standard (AS) issued by the Institute of Chartered Accountants of India and forms an integral part of this Report.

FIXED DEPOSITS

During the year under review, your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

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 loan are provided is disclosed in the standalone financial statement *(Please refer Note 13 & 18).*

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES COMPANIES

During the year under review, the Company has 1 (One) direct subsidiaries and 5 (five) step-down subsidiaries, details are as follows:

KS Natural Resources PTE. Ltd, Singapore (Subsidiary)
KS Oils SDN. BHD. Malaysia (Step-down Subsidiary)
KS Agri Resources, Singapore (Step-down Subsidiary)
PT Buana Mega Sentosa Plantation, Indonesia (Step-down Subsidiary)
PT Biodiesel Jambi, Indonesia (Step-down Subsidiary)
PT. Mega Artha Perada, Indonesia (Step-down Subsidiary)

A statement pursuant to Section 129, 134 and 136 of the Companies Act, 2013 read with rules framed there under and pursuant to Regulation 33 of the SEBI Listing Regulations, the Company has prepared Consolidated financial statement of the Company and its subsidiaries and a separate statement containing the silent features of financial statement of subsidiaries, joint ventures and associates in form AOC-1 forms part of the Annual report.

The annual financial statements and related detailed information's of the subsidiary Companies shall be made available to the shareholders seeking such information's 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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Prakash Chand (DIN: 06435360) and Mrs. Preeti (DIN: 07512783) was appointed as an Additional Independent Directors of the Company w.e.f 27 May, 2016. The Company has received notice from a member proposing appointment of Mr. Prakash Chand and Mrs. Preeti as Independent Directors of the Company.

In accordance with the provisions of Section 149 of the Companies Act, 2013, Mr. Prakash Chand and Mrs. Preeti are being eligible to be appointed as Independent Directors and their tenure of appointment mentioned in the Notice of the Annual General Meeting of the Company.

Pursuant to the requirements of the Companies Act, 2013 and Articles of Association of the Company, Mr. Davesh Agarwal (DIN: 01102237) is liable to retire by rotation and being eligible seeks re-appointment.

The Board recommend the appointment/ reappointment of above directors for your approval. Brief details of Directors proposed to be appointed/ re-appointed as required under Regulation 36 of the SEBI Listing Regulations are provided in the Notice of the Annual General Meeting.

During the year under review, Mr. Arvind Pandalai (DIN: 00352809) Non-Executive, Independent Director has resigned from Board w.e.f. 21st March, 2016. After reporting period Mrs. B. Swarupa Rani (DIN: 07099356) Non-Executive, Independent Director has resigned from the Board w.e.f. 20th June, 2016, due to personal reasons. The Board places on record its sincere appreciation for the valuable contribution and guidance rendered by Mr. Arvind Pandalai and Mrs. B. Swarupa Rani during their tenure with the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors to be best of their knowledge and ability states the following:

a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and the profit/loss of the Company for the year ended on that date;

c) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 fo 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 to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

NUMBER OF BOARD MEETINGS

The Board of Directors met 6 (Six) times during the year under review. The details of board meetings and the attendance of the Directors are provided in the Corporate Governance Report which forms part of this report.

INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on February 13th, 2016 without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of non-independent directors and the Board as a whole; the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

BOARD EVALUATION

The Board Adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & Competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc.

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

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

POLICY OF DIRECTORS APPOINTMENT AND REMUNERATION

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is made available on the Company's website www.ksoils.com.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The details in respect of internal financing control and their adequacy are included in Management and Discussion & Analysis, which forms part of this report.

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 define 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.

COMMITTEES OF BOARD

Details of various committees constituted by the Board of Directors as per the provision of the SEBI Listing Regulations and Companies Act, 2013 are given in the Corporate Governance Report which forms part of this report.

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 to this report.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Separate reports on Corporate Governance compliance and Management Discussion and Analysis as stipulated by the SEBI Listing Regulations forms part of this Annual Report along with the required Certificates from Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated.

In compliance with Corporate Governance requirements as per the SEBI (LODR) Regulations, 2015, your Company has formulated and implemented a Code of Business Conduct and Ethics for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed to this report as **Annexure - A.**

RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered into by the Company with related parties during the financial year were in the ordinary course of business and on an arm's length basis. All related party transactions were placed before the Audit Committee and the Board for review and approval. There were no materially significant related party transactions entered into by the Company which may have a potential conflict with the interest of the Company. The policy on materiality of related party transactions and on dealing with related party transactions as approved by the Audit Committee and the Board of Directors may be accessed on the Company's website www.ksoils.com. Your directors draw attention of the members to Note 47 to the financial statements which set out related party disclosures in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

During the period under review there is no significant and material orders passed by any regulators /courts / tribunals against the Company. However, the secured lenders have filed Original Application (OA) with DRT (Debt Recovery Tribunal), New Delhi on May 9, 2016 for recovery of their debts.

AUDITORS AND AUDITORS' REPORT

Pursuant to Section 139 of the Companies Act, 2013 read with rules made there under, M/s Ladha G. D. & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company to hold office till conclusion of 32nd Annual General Meeting of the Company, subject to ratification of their appointment at every Annual General Meeting. Accordingly the appointment of M/s Ladha G.D. & Co., Chartered Accountants as statutory auditors of the Company is placed for ratification by the shareholders. In this regard, the company has received a certificate from the auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013. The Auditor's Report is enclosed with the financial statements in the Annual report.

The Independent Auditors report contains the qualifications and management responses thereof has been made in the notes to the accounts wherever necessary. However, the said qualifications/ reservations / observations have been addressed by the management in the notes itself. 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 rules made there under, the Company had 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 for FY 2015-2016 is annexed, which forms part of this report as **Annexure – B.**

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

i. The Annual Financial Statement for year ended on 31st March 2015 has been approved and adopted on 5th December, 2015.

Management Response: Due to financial crunch and consolidation of the accounts of Foreign Subsidiaries, the delay occurred for the approval of Annual Financial Statement for the year ended March 31, 2015.

ii. Internal Auditor has not been appointed.

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

iii. Except for the Quarter ended December, 2015 the Limited Review Report for the quarterly result has not been provided by the Statutory Auditor hence could not take up and approved 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 defaulted in filling of Annual Performance Reports in respect of foreign subsidiaries with the RBI through Authorized dealer. The Company has also defaulted in filing of monthly and annual Returns of ECB (External Commercial Borrowing) taken by the Company with the RBI.

Management Response: As mentioned above at point no. 1, the delay of filing of returns occurred.

COST AUDITORS

Your Company has appointed M/s. S. K. Sexena & Co., Cost Accountants (Registration No. 100126) to conduct cost audit of the Company for the year 31st March 2017.

The Cost Audit Report for the year 2014-2015 was not filled before the due date with the Ministry of Corporate Affairs.

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, 2016

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 - C.**

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, as amended time to time is annexed to this report as **Annexure – D.**

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 245 numbers of employees of the Company as on 31st March, 2016.

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 Companies Act, 2013.
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 received any remuneration or commission from any of its subsidiaries.
5. As elsewhere stated in this report, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status of the company.

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**

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

Date : October 14, 2016
Place : New Delhi

ANNEXURE – A

to the Directors' Report
Form No. MGT – 9

Extract of Annual Return
as on financial year ended March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rules 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

1.	CIN	L15141MP1985PLC003171
2.	Incorporation Date	04/12/1985
3.	Name of the Company	K.S.OILS LIMITED
4.	Category/ Sub Category of the Company	Company Having Share Capital / Indian Non-Government Company
5.	Address of the Registered office and contact details	Jiwaji Ganj, Morena Madhya Pradesh – 476 001 Ph. No. – 7532-300000 Fax – 7532-405060 E-mail add : investors@ksoils.com Website : www.ksoils.com
6.	Whether listed Company	Yes
7.	Name address and contact Details of Registrar and transferor	Ankit Consultancy Pvt. Ltd 60, Electronic Complex, Pardeshipura, Indore – 452010 Ph. No. – 0731-2551745 Fax – 0731-4065798 E-mail: ankit_4321@yahoo.com; rtaindore@gmail.com

II. PRINCIPLE BUSINESS ACTIVITY OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No	Name and description of the	NIC Code of the Product / Service main products/ services	% of total turnover of the Company
1	Oils	10401, 10402	45.92%
2	Electricity Generation from Wind Turbines	35101	51.74%

III. PARTICULARS OF THE HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN	Holding/Subsidiary /Associate	% of Share Held	Applicable Section
1	K S Natural Resources Pte. Ltd., Singapore	Foreign Company	Subsidiary	100%	2(87)
2	KS Oils Sdn Bhd. (Malaysia)	Foreign Company	Step-down Subsidiary	70%	2(87)
3	PT Buana Mega Sentosa Plantation	Foreign Company	Step-down Subsidiary	90%	2(87)
4	KS Agri Resources Pte. Ltd. (Singapore)	Foreign Company	Step-down Subsidiary	100%	2(87)
5	PT Mega Artha Peresada (Indonesia)	Foreign Company	Step-down Subsidiary	90%	2(87)
6	PT Biodiesal Jambi (Indonesia)	Foreign Company	Step-down Subsidiary	90%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

S. No.	Category of Shareholders	No. of Shares Held at the beginning of the Year i.e. 01/04/2015				No. of Shares held at the end of the Year i.e. 31/03/2016				% Change during the Year
		DEMAT	Physical	Total	% of total Shares	DEMAT	Physical	Total	% of total Shares	
A.	Promoter									
(1)	**Indian**									
a)	Individual/HUF	34,602,105	-	34,602,105	7.54	34,602,105	-	34,602,105	7.54	-
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government	-	-	-	-	-	-	-	-	-
d)	Body Corporate	-	-	-	-	-	-	-	-	-
e)	Banks / FI	-	-	-	-	-		-	-	-
f)	Any other	-	-	-	-	-		-	-	-
	Sub Total (A) (1) : -	34,602,105	-	34,602,105	7.54	34,602,105	-	34,602,105	7.54	-
(2)	Foreign									
a)	NRIs Individuals	-	-	-	-	-	-	-	-	-
b)	Other Individuals	-	-	-	-	-	-	-	-	-
c)	Body corporates	-	-	-	-	-	-	-	-	-
d)	Bank/ FI	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
	Sub Total (A) (2): - Total Share Holding of Promoter (A) = (A)(1)+(A)(2)	- 34,602,105	- -	- 34,602,105	- 7.54	- 34,602,105	- -	- 34,602,105	- 7.54	- -
B.	**Public Share Holding**									
(1)	**Institutions**									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks/FI	3,077,026	10,000	3,087,026	0.67	3,482,456	-	3,482,456	0.76	0.09
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIIs	17,103,797	-	17,103,797	3.72	22,123,157		22,123,157	4.82	1.10
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Other (Specify)	-	-	-	-	-	-	-	-	-
	Sub Total (B)(1)	20,180,823	10,000	20,190,823	4.40	25,605,613	-	25,605,613	5.58	1.18
(2)	**Non Institutions**									
a)	**Bodies Corp.**									
(i)	Indian	56,873,888	28,000	56,901,888	12.39	38,469,069	38,000	38,507,069	8.39	(4.00)
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	**Individuals**									
(i)	Individual Shareholders holding nominal share capital upto Rs. 1 lakh	213,390,988	2,176,798	215,567,786	46.95	228,924,532	2,171,876	231,096,408	50.33	3.38
(ii)	Individual Shareholders holding nominal share capital exceeds of Rs. 1 lakh	42,948,711	-	42,948,711	9.35	53,443,703		53,443,703	11.64	2.29
(c)	Other (NRI & OCB)	88,575,094	-	88,575,094	19.29	74,640,160		74,640,160	16.26	(3.03)
(i)	Other (Clearing Member)	393,630	-	393,630	0.09	12,84,979		12,84,979	0.28	0.19