



**K S OILS LTD.**

***ANNUAL REPORT***  
***2010 - 2011***

# Company Information

## Board of Directors

Mr. Ramesh Chand Garg  
Chairman & Managing Director

Mr. Sourabh Garg  
Non Executive Director

Mr. Pramod Kumar Mandloi  
Independent and Non-Executive Director

Dr. R. S. Sisodia  
Independent and Non-Executive Director

Mr. Brij Mahendra Nandan Singh  
Independent and Non-Executive Director

Mr. Umesh Jain  
Nominee Director (IDBI Bank)

Mr. Arvind Pandalai  
Independent and Non Executive Director

Mr. Davesh Agarwal  
Non-Executive Director

## Company Secretary

Ritesh Jain

## Chief Financial Officer

Brijesh Bagpatia

## Bankers

State Bank of India

Axis Bank

Andhra Bank

IDBI Bank

ICICI Bank

PNB Bank

## Auditors

M/s Haribhakti & Co.

Chartered Accountants

## Registered Office

Jiwaji Ganj, Morena – 476001,

Madhya Pradesh, India

## Registrar and Share Transfer Agent

Ankit Consultancy Pvt. Ltd.

60, Electronic Complex,

Pardeshipura, Indore - 452010

# Contents

|     |                                    |
|-----|------------------------------------|
| 2   | Director's Report                  |
| 10  | Annexure to Director's Report      |
| 13  | Corporate Governance Report        |
| 38  | Management Discussion & Analysis   |
| 42  | Corporate Social Responsibility    |
| 43  | Auditor's Report                   |
| 51  | Balance Sheet                      |
| 53  | Profit & Loss Account              |
| 55  | Cash Flow Statement                |
| 57  | Schedules                          |
| 66  | Notes to Accounts                  |
| 95  | Section 212 Statement              |
| 96  | Balance Sheet Abstract             |
| 97  | Consolidated Auditors Report       |
| 99  | Consolidated Balance Sheet         |
| 101 | Consolidated Profit & Loss Account |
| 103 | Consolidated Cash Flow Statement   |
| 105 | Consolidated Schedules             |
| 114 | Consolidated Notes to Accounts     |
| 140 | Notice                             |

# Directors' Report

## Dear Members,

The Directors have pleasure in presenting the Twenty Sixth Annual Report of the Company along with the Audited statement of Accounts for the period ended June 30, 2011. The Report also includes the Management Discussion and Analysis Report in accordance with the Guidelines on Corporate Governance. The Financial Results of the Company of the year ended June 30, 2011 are summarized below:

**Rs. In Lacs**

| Financial Highlights  | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|---|------------------------|------------------------|
| Domestic Sales  | 514252                 | 346370                 |
| Export Sales  | 9698                   | 14920                  |
| Sales against 'H' Form  | 36876                  | 41670                  |
| Less Excise Duty  | 284                    | 260                    |
| <b>Total Sales</b>  | <b>560542</b>          | <b>402700</b>          |
| Profit before Finance cost, Depreciation, Exceptional items and Taxes | 4793                   | 47602                  |
| Less: Finance Cost (Interest)   | 31175                  | 15636                  |
| Profit/(Loss) before Depreciation, Exceptional items and Taxes        | (26382)                | 31966                  |
| Less: Depreciation  | 8007                   | 5292                   |
| Profit before Exceptional items and Taxes                             | (34389)                | 26674                  |
| Less: Exceptional items   | 0                      | 0                      |
| Profit/(Loss) before Taxes  | (34389)                | 26674                  |
| Less: Provision for Tax:  |                        |                        |
| (a) Income Tax  | 0                      | 4763                   |
| (b) Tax for earlier year's  | 68                     | 0                      |
| (c) Deferred Tax adjustment   | 633                    | (530)                  |
| (d) MAT Credit Reversal   | 406                    | 0                      |
| <b>Profit after Taxes</b>   | <b>(35496)</b>         | <b>22441</b>           |
| Add: Balance brought forward from the previous year                   | 49144                  | 29561                  |
| Balance available for appropriation                                   | 13648                  | 52002                  |
| Which the Directors have appropriated as under, to:                   |                        |                        |
| (i) Proposed Dividend   | 0                      | 736                    |
| (ii) Tax on Dividend  | 0                      | 122                    |
| (IV) Provision for interest on dividend                               | 18                     | 0                      |
| (IV) Provision for interest on dividend distribution Tax              | 11                     | 0                      |
| (V) General Reserve   | 0                      | 2000                   |
| <b>Total</b>  | <b>29</b>              | <b>2858</b>            |
| Surplus carried forward to the Balance Sheet                          | 13619                  | 49144                  |

## Change in Financial Year

The financial year 2010-11 of the Company was extended upto June 30, 2011. Hence, the financial results of the Company for the year under review cover a period of 15 months and are not comparable with the results of the previous financial year 2009-10 which was of 12 months period.

## Business Results

During the year under review your Company's total sales was Rs. 560542 lacs as against Rs. 402700 lacs for the previous year. The profit before Finance cost, Depreciation, Exceptional items and Taxes was Rs. 4793 lacs as against Rs. 47602 lacs for the previous year. The loss after tax and other expenses was Rs. 35496 lacs as against to the profit of Rs. 22441 lacs for the previous year. The Finance cost was Rs. 31175 lacs as against to Rs. 15636 lacs for the previous year. The Company recorded of Earning per share (EPS) of Rs. (8.54) for the year ended June 30, 2011.

Division wise operational performance for the year ended June 30, 2011 was as under:

### A. Oil Division

- 1. Mustard Oil:** During the year under review the Company's mustard oil plant was utilized up to 43% of its installed/available capacity; it processed 706417 MT of mustard seeds. Mustard Oil production stood at 237345 MT against that of 148730 MT in the previous year, recording a significant jump of 60% as compared to previous year. Company continued to be a leader in the mustard oil segment.
- 2. Refined Oils:** The Company's refined oil plants utilized 44 % of their available capacity and processed 266864 MT of crude oil. Refined oil production stood at 239670 MT against that of 254841 MT in the previous year, decrease of 6% as compare to previous year.
- 3. De Oiled Cake (DOC):** Solvent extraction plant utilized 35 % of its available capacity during the year under review and processed 493721 MT of oil cake/seeds. During the year, DOC production was at 438960 MT as against 435207 MT during the previous year, an increase of 1% over the previous year.

### B. Vanaspati Division

Production of Vanaspati was at 11152 MT against that of 18249 MT in the previous year, decrease 39% as compared to the previous year.

### C. Power Division

During the year power generated through wind mills was 158928285 units as against 136179042 units in the last year, thus recording an increase of 17% over the previous year. Out of these units, the Company has

utilized 23378783 units for in-house consumption and sold 157995594 units and generated Rs. 5468 lacs as additional revenue.

## **Dividend**

In view of the losses incurred, the Board of Directors is unable to recommend any dividend for the financial year ended on June 30, 2011.

## **Consolidated Accounts**

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

## **Subsidiary Company**

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

However, the consolidated financial statement are annexed with the financial results of the company.

## **Achievements**

The Executive board of United Nation Framework Convention on Climate Change (UNFCCC) registered company's three wind power based CDM projects of 8 MW & 7.5 MW in Rajasthan, 12 MW in Tamilnadu. This shows company's continuous sustainable development in the field of Green Energy.

## **Renewable Energy Initiatives:**

All the 92 WTG's of 78 MW in Madhya Pradesh, Rajasthan , Gujrat & Tamilnadu are running successfully & generating revenue for the company through the sale of power to SEB's. In addition to this revenue company has registered three new CDM projects with UNFCCC. 8 MW Rajasthan CDM project will generate approximately 12,800 CER's per annum upto 10 years crediting period & is renewable for two more crediting periods of 7 years each. 7.5 MW Rajasthan & 12 MW Tamilnadu CDM Projects will generate approximately 13,300 & 26,000 CER's respectively per annum upto 10 years crediting period. The CDM projects developed by the company at Tamil Nadu, Rajasthan & Madhya Pradesh are at different stages of validation process of CDM cycle.

## **Capital Raising/ Preferential Allotment of Securities and utilization of proceeds received from preferential allotment:**

### **Preferential Issues of Equity Shares to Promoters**

In order to meet the fund requirement of the Company for its (i) Expansion of refinery in India along with other allied expenditure (ii) Investment in its overseas subsidiaries for development of Greenfield palm plantations and acquisition of mature palm plantations and/or CPO mills, all in Indonesia.

The Company has allotted 1,64,61,337 Equity Shares to the promoters upon conversion of promoters warrant , issued upon receipt of balance amount from the Promoters i.e., Rs. 4274 Lacs.

### **Utilization of proceeds received on preferential issue of securities:**

The company has raised Rs 4274 Lacs up to June 30, 2011 from allotment of shares on preferential basis. The entire proceeds received towards the warrants have been utilized for the purpose of expansion of refinery in India along with other allied expenditure and for investment in its subsidiaries, except Rs.5065 Lacs (Previous year : Rs.7537.17 lacs), which were lying as Fixed Deposit with banks at the year end.

### **Management discussion and Analysis**

A separate section on Management Discussion and Analysis, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is given in the Annual Report.

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

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

### **Directors' Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that –

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. They have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have 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 that period;

3. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

## **Directors**

Dr. Arvind Pandalai was appointed as Additional Director by the Board of Directors of the Company at the Board Meeting held on February 11, 2011 to fulfill parity of the Independent Directors as required under Clause 49 of the Listing agreement and also to infuse industry experts in the Board.

Mr. Davesh Agarwal was appointed as Additional Director by the Board of Directors of the Company at the Board Meeting held on November 29, 2011. He was appointed as a Non executive Director and also to infuse industry experts in the Board.

As per the provision of Section 260 of the Companies Act, 1956, aforesaid Additional Directors hold office only up to the date of the forthcoming AGM of the Company. The Company has received notices under Section 257 of the Companies Act, 1956 in respect of the above persons, proposing their appointment as Directors of the Company, therefore their appointment are sought u/s 257 of the Companies Act, 1956.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. P.K. Mandloi & Mr. B.N. Singh retire by rotation and being eligible, offer themselves for re-appointment.

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Mr. Ramesh Chand Garg, subject to the confirmation of the shareholders, being eligible for reappointment as whole time director, for a period of 3 years w. e. f. June 25, 2011 & appointment as a Chairman & Managing director for a period of 3 years w. e. f. September 26, 2011 to September 25, 2014 on the remuneration of Rs 48 lakhs per annum as approved by the remuneration committee."

## **Fixed Deposits**

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



## **Employees' Particulars**

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

## **Manpower Development Process**

The Company's HR Division has finalized an Organization Structure that supports the vision and strategy of the Company. The organization structure is divided into five bands: Strategic, Operational, Manager, Executive and Support, which have been further divided into 14 levels. All K S employees are assigned a level under a particular band depending upon their role, impact and criticality of job and the contribution to the Company's strategy.

## **Auditors**

M/s Haribhakti & Co., Chartered Accountants, auditor of the Company, shall retire at the end of ensuing AGM and being eligible offer themselves for re-appointment.

The observations made in auditor's report, read together with relevant notes thereon are self-explanatory and hence, do not call for any comments under 217 of the Companies Act, 1956.

## **Report on Corporate Governance**

A detailed report on Corporate Governance has been provided elsewhere in the Annual Report.

## **Employee Stock Option Scheme**

Members' approval was obtained at the Extra Ordinary General Meeting held on October 20, 2007 for Employee Stock Option Scheme (herein after referred as ESOPs).

ESOPs was approved and implemented by the Company and Options were granted to employees in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred as to "the SEBI Guidelines"). The Compensation Committee, Constituted in accordance with the SEBI Guidelines, to administer and monitors the Scheme.

The applicable disclosures as stipulated under the SEBI Guidelines as at June 30, 2011 are given below:

|   |  |
|---|--|
| 1. Options Granted:   | Nil  |
| 2. Pricing Formula:   | The exercise price of option shall be of market value of the share on date of grant as under SEBI guidelines |
| 3. Exercise Price:  | N.A.   |
| 4. Options vested:  | None   |
| 5. Options exercised:   | None   |
| 6. Total number of shares arising as a result of exercise of option:  | None   |
| 7. Options lapsed/Cancelled:  | 3007500  |
| 8. Variation in terms of options:   | None   |
| 9. Money realized by exercise of options:   | None   |
| 10. Employee-wise details of options granted during the year to:  |  |
| i. Senior managerial personnel:   |  |
| Mr. Sanjay Agarwal  | 2900000  |
| Mr. R. Ganesh   | 1000000  |
| ii. Employees who received the options amounting to 5% or more of options granted during the year:  | None   |
| iii. Employees who received the options during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant:   | None   |
| 11. Diluted earning per share (EPS) before exceptional items pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'  | (8.54)   |
| 12. In the present case as the employee compensation cost has been calculated using the Fair value of the Stock Options and the Intrinsic Value has not been considered. As the exercise would be made at the market price prevailing as on date of grant plus applicable taxes as may be levied on the Company, the issuance of equity shares pursuant to exercise of option will not affect Profit and Loss account of the Company. |  |

Details of Weighted Average exercise price of options granted and fair value prices of options and the fair value has been calculated using **Black Scholes Option Pricing** model given in Notes to Accounts.

## “Group” for Inter-Se Transfer of Shares

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

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

## Acknowledgements

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

For and on behalf of the Board of Directors

K S Oils Limited

Sd/-

Ramesh Chand Garg

(Chairman & Managing Director)

Place : Morena

Date : November 29, 2011

## Annexure "A" to Directors' Report

## Form A

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

| A) Power and fuel consumption  |  |                                   |  | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|--|--|-----------------------------------|--|------------------------|------------------------|
| 1. Electricity   |  |                                   |  |                        |                        |
| (a) Purchase   |  |                                   |  |                        |                        |
|  |  | Unit                              |  | 19063573               | 30202237               |
|  |  | Total amount (Rs.)                |  | 164122628              | 171839291              |
|  |  | Rate/unit (Rs.)                   |  | 8.61                   | 5.69                   |
| (b) Own generation   |  |                                   |  |                        |                        |
| (i) Through diesel generator   |  |                                   |  |                        |                        |
|  |  | Unit                              |  | 2772341                | 5678268                |
|  |  | Unit per ltr. of diesel oil (Rs.) |  | 3.77                   | 3.94                   |
|  |  | Cost/unit (Rs.)                   |  | 9.90                   | 8.31                   |
| (ii) Through WTG's   |  |                                   |  |                        |                        |
|  |  | Unit                              |  | 23378783               | 20946966               |
|  |  | Total Amount (Rs.)                |  | 76597246               | 68004025               |
|  |  | Rate/Unit (Rs.)                   |  | 3.28                   | 3.25                   |
| * units generated through wind turbine has been credited against purchase of Units                                 |  |                                   |  |                        |                        |
| 2. Coal  |  |                                   |  |                        |                        |
|  |  | Quantity (M.T.)                   |  | 71861                  | 72771                  |
|  |  | Total Cost (Rs.)                  |  | 278653447              | 248189111              |
|  |  | Average Rate (Rs.)                |  | 3877.66                | 3410.55                |
| 3. Furnace Oil   |  |                                   |  |                        |                        |
| 4. Others  |  |                                   |  |                        |                        |
| <b>B) Consumption per Unit of Production:</b>  |  |                                   |  | <b>Per MT</b>          | <b>Per MT</b>          |
| <b>Product (with details) unit:</b> Oil and Vanaspati Division (Current year: 927127 MT, Previous Year: 857027 MT) |  |                                   |  |                        |                        |
|  |  | Electricity                       |  | 48.77                  | 66.31                  |
|  |  | Furnace Oil                       |  |                        |                        |
|  |  | Coal                              |  | 0.08                   | 0.09                   |
|  |  | Others                            |  | -                      | -                      |

Technology Absorption – as given in Form 'B' below:

### **Form B**

#### **Form for Disclosures of particulars with respect to absorption.**

#### **TECHNOLOGY ABSORPTION**

#### **Research and development (R&D):**

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

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

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

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

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

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

#### **3) Future plan of action**

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

**4. Expenditure on R&D:**

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

**A. Foreign Exchange Earning and Outgo of the Company**

| <b>Particulars</b>                             | <b>2010-11<br/>(15 Months)</b> | <b>2009-10<br/>(12 Months)</b> |
|--|--------------------------------|--------------------------------|
| a) Foreign exchange earning of the company:    |                                |                                |
| Earning on FOB basis                           | <b>9609</b>                    | <b>12,682</b>                  |
| Interest on deposits with banks                | Nil                            | Nil                            |
| Interest on loan to subsidiaries               | 287                            | 189                            |
|  |                                |                                |
| b) Foreign Exchange Outgo:                     |                                |                                |
| <b>i.</b> CIF value of imports                 |                                |                                |
| a) Raw Material                                | 19,919                         | 47,512                         |
| b) Finished Goods                              | -                              | -                              |
| c) Capital Goods                               | 345                            | 1,588                          |
| <b>ii.</b> Expenditure in foreign currency     | 553                            | 1,139                          |
| <b>iii.</b> Investment in Foreign Subsidiaries |                                |                                |
| a) As subscription amount for Shares therein   | 2124                           | 11,801                         |
| b) Loan to Subsidiaries                        | Nil                            | Nil                            |

# Corporate Governance Report

## Company's Philosophy On Corporate Governance

Corporate Governance is a key pillar of K. S. Oils' value system, as it promotes confidence and trust which resulting in to stable and sustained resource flows and long term relationships with its investors and other stakeholders. The driving forces of Corporate Governance at K. S. Oils are its core values – Excellence and Customer Satisfaction, Maximizing Long Term Value for Stakeholders, Good Corporate Conduct and Environmental Friendliness / Sustainability.

Your Company is fully committed to follow the procedures and practices in conformity with clause 49 of the Listing Agreement of the Stock Exchanges, as applicable. Your Directors present the Company's Report on Corporate Governance as under:

### 1. Board Of Directors

#### (A) Composition and Category

The Board of Directors of the Company consists of an optimum combination of Executive, Non-Executive and Independent Directors, to ensure the independent functioning of the Board.

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

The Composition of the Board of Directors, and the Number of other Board Committees in which they are Chairman/Members, are given as under. The present strength of the Board of Director is 9 (nine) out of which 3 (Three) are Executive Directors.

## The following is the composition of the Board as on June 30, 2011

| Name of Director                   | Category of Director-ship | Designation       | Directorship in other Companies   | No. of Board Committees in which Chairman / Member |        |
|------------------------------------|---------------------------|-------------------|---|--|--------|
|                                    |                           |                   |   | Chairman   | Member |
| <b>Executive Directors</b>         |                           |                   |   |  |        |
| Mr. Ramesh Chand Garg <sup>1</sup> | Promoter                  | Chairman          | 1. K S Oils Sdn. Bhd., Malaysia<br>2. K.S. Agri Resource Pte. ltd.<br>3. K S Natural Resources Pte. Ltd., Singapore<br>4. P T Buana Mega Sentosa Plantation, Indonesia (Appointed as Commissioner on Board)<br>5. P T Bio Diesel Jambi, Indonesia<br>6. P T Tunas Bersusan Abadi, Indonesia | 1  | -      |
| Mr. Sanjay Agarwal <sup>2</sup>    | Professional              | Managing Director | 1. K S Oils Sdn. Bhd., Malaysia<br>2. K.S. Agri Resource Pte. ltd.<br>3. K S Natural Resources Pte. Ltd., Singapore<br>4. P T Buana Mega Sentosa Plantation, Indonesia<br>5. P T Bio Diesel Jambi, Indonesia<br>6. P T Tunas Bersusan Abadi, Indonesia                                      | 1  | 3      |



|                                     |             |                     |   |   |   |
|-------------------------------------|-------------|---------------------|---|---|---|
| Mr. Sourabh Garg <sup>3</sup>       | Promoter    | Whole-Time Director | 1. P T Buana Mega Sentosa Plantation ,Indonesia<br>2. P T Bio Diesel Jambi, Indonesia<br>3. P T Tunas Bersusan Abadi, Indonesia | - | 2 |
| <b>Non-Executive Directors</b>      |             |                     |   |   |   |
| Mr. Pramod Kumar Mandloi            | Independent | Director            | NONE  | 3 | 2 |
| Mr. Brij Mahendra Nandan Singh      | Independent | Director            | NONE  | - | 2 |
| Mr. R. S. Sisodia                   | Independent | Director            | NONE  | - | 3 |
| Dr. Rajinder Pal Singh <sup>4</sup> | Independent | Director            | 1. M/s RSPL, Kanpur   | - | - |
| Mr. Jaipal Singh <sup>5</sup>       | Independent | Director            | NONE  | - | - |
| Mr. Arvind Pandalai                 | Independent | Director            | 1. Reventer Agro Ltd.<br>2. Indorma Synthetics ltd.   | - | - |

### **Changes introduced after 30th June, 2011**

1. Mr. Ramesh Chand Garg was appointed as Chairman cum Managing Director w.e.f. September 26, 2011.
2. Mr. Sanjay Agarwal ceased from his directorship w.e.f. July 23, 2011.
3. Mr. Sourabh Garg had changed his designation from Executive to Non Executive Director w.e.f. September 12, 2011.
4. Mr. R.P. Singh ceased from his directorship w.e.f. August 5, 2011.
5. Mr. Jaipal Singh ceased from his directorship w.e.f. August 1, 2011.
6. Mr. Umesh Jain was appointed as Nominee Director of IDBI Ltd. w.e.f. September 12, 2011.

### **Board Procedure**

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance, and the notice of each Board Meeting is given in writing to each Director. The information as required as per Corporate Governance norms of the Listing Agreement is made available to the Board. The Agenda and Board notes for consideration of the Board are circulated well in advance with the notice of meeting, so that all the Directors can actively participate in the

extensive and fruitful deliberations on various agenda items put before the Board. The Board is also free to recommend the inclusion of any subject for discussion, in consultation with the Chairman. The Board is kept apprised of the overall performance of the Company by the Managing Director at the Board Meetings.

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

During the financial year April 1, 2010 to June 30, 2011, Seven Board Meetings were held on following dates, and the maximum time gap between two meetings did not exceed four months:

May 31, 2010

Sept 4, 2010

Nov 24, 2010

Dec 30, 2010

Feb 11, 2011

Feb 23, 2011

June 25, 2011

| Name of the Director                            | Meetings held during the tenure of Directors | No of Board Meetings attended | Attendance at the last AGM held on 30 <sup>th</sup> September, 2010 |
|---|--|-------------------------------|---|
| Mr. Ramesh Chand Garg                           | 7  | 7                             | Present   |
| Mr. Sanjay Agarwal                              | 7  | 7                             | Present   |
| Mr. Sourabh Garg                                | 7  | 6                             | -   |
| Mr. P. K. Mandloi<br>(Chairman Audit Committee) | 7  | 6                             | Present   |
| Mr. B. N. Singh                                 | 7  | 6                             | -   |
| Mr. R. S. Sisodia                               | 7  | 7                             | Present   |
| Mr. R. P. Singh                                 | 7  | 5                             | -   |
| Mr. JaiPal Singh                                | 7  | 6                             | -   |
| Mr. Arvind Pandalai                             | 2  | 0                             | -   |
| Mr. Jimmy Mahtani                               | 6  | 5                             | -   |
| Mr. R. Ganesh                                   | 7  | 3                             | -   |
| Mr. R.K. Nagar                                  | 6  | 1                             | -   |
| Mr. P.R. Srinivasan                             | 1  | 1                             | -   |
| Mr. Rajeev Kalra                                | 5  | 4                             | -   |
| Mr. Vivek Sett                                  | 6  | 3                             | -   |

Annual General Meeting of the company was held on September 30, 2010 At A.B. Road, Morena (M.P.) – 476 001. The following Directors were presents during the Annual General Meeting:

1. Mr. Ramesh Chand Garg (Chairman)
2. Mr. Sanjay Agarwal (Managing Director)
3. Mr. P.K. Mandloi (Independent Director)
4. Mr. R.S. Sisodia (Independent Director)

**(B) Non Executive Directors Compensation and Disclosures**

The Non-Executive Directors are paid sitting fee for attending each meeting of the Board & various committees' meetings.

Details of Shareholding of Non-Executive Directors as on 30th June, 2011 and the Sitting fee paid to them during the financial from April 1, 2010 to June 30, 2011 are as follows:

| <b>Name of Non-Executive Directors</b> | <b>Sitting Fees (In Rupees)</b> | <b>No. of Shares Held</b> |
|--|---------------------------------|---------------------------|
| Mr. P. K. Mandloi                      | 1,37,500                        | -                         |
| Mr. B. N. Singh                        | 90,000                          | -                         |
| Dr. R. S. Sisodia                      | 1,30,000                        | -                         |
| Mr. Jaipal Singh                       | 85,000                          | -                         |
| Mr. R.K. Nagar                         | 10,000                          | -                         |

The company has not entered in to any pecuniary relationship or transaction with the non-executive directors. The company does not pay any performance linked incentives to the directors.

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

**(C) Code Of Conduct**

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

**Code Of Conduct For Prevention Of Insider Trading**

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

### Declaration by Chairman & Managing Director

I, Ramesh Chand Garg, Chairman & Managing Director of K S Oils Limited, hereby confirm that all the Board members and Senior Management personnel have affirmed compliance with the code of conduct for the year ended June 30, 2011.

Sd/-

Place: Morena

Ramesh Chand Garg

Date: November 29, 2011

Chairman & Managing Director

### (D) Committees of the Board

Currently there are five Board Committees, namely the **Audit Committee, Shareholders/Investors Grievances Committee, Remuneration Committee, Compensation Committee and Management & Finance Committee**. The terms of reference of these Committees are determined by the Board from time to time. The meetings of each Board Committee are convened by the Secretary of the Company. Signed minutes of the Committees are placed before the Board for their information. The role and composition of these Board Committees including the number of meetings held during the financial year are as follows:

#### I. Remuneration Committee

##### Terms of Reference:

The broad terms of reference of Remuneration Committee of the Board are to recommend to the Board the compensation terms of Executive Directors and the senior-most level of management immediately below the Executive Directors.

The Remuneration Committee of the Company comprises of the Three Non Executive Independent Directors of the Company namely:

|                          |                 |
|--------------------------|-----------------|
| <b>Mr. P. K. Mandloi</b> | <b>Chairman</b> |
| <b>Mr. B. N. Singh</b>   | <b>Member</b>   |
| <b>Dr. R. S. Sisodia</b> | <b>Member</b>   |

During the financial year under review only 1 (one) meeting on June 25, 2011, of the Remuneration Committee took place.

## Remuneration Policy

The remuneration of Executive Directors is considered by the Board on the recommendation of Remuneration Committee, subject to approval by the shareholders at the General Body Meeting and by statutory authorities if required. The Remuneration Committee fixes the remuneration considering various factors such as qualification, experience, expertise, prevailing remuneration in competitive industries, financial position of the Company, etc. The remuneration structure comprises basic salary, commission, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 1956. The remuneration policy for Whole-time Director is directed towards rewarding performance, based on review of achievements.

During the year under review, the Non-Executive Directors have not drawn any remuneration from the Company except sitting fees for meetings of the Board. The Board, on the recommendations of the Remuneration Committee approves the annual increments. The Board fixes a ceiling on perquisites and allowances as a percentage of salary, within the prescribed ceiling, the perquisite package is recommended by the Remuneration Committee.

### Remuneration paid to the Chairman, Managing Director and Whole-time Directors during the year

| Name of Director      | Position                         | Salary    | Perquisites and Allowances | Commission | Total     |
|-----------------------|----------------------------------|-----------|----------------------------|------------|-----------|
|                       |                                  |           |                            |            |           |
| Mr. Ramesh Chand Garg | Chairman cum Whole-Time Director | 60,00,000 | 0                          | 0          | 60,00,000 |
| Mr. Sanjay Agarwal    | Managing Director                | 52,50,000 | 49,500                     | 0          | 52,99,500 |
| Mr. Sourabh Garg      | Whole-Time Director              | 45,00,000 | 49,500                     | 0          | 45,49,500 |
| Mr. R. Ganesh         | Whole-Time Director              | 44,41,935 | 49,500                     | 0          | 44,91,435 |

\*Mr. Ramesh Chand Garg, Chairman, and Mr. Sourabh Garg, Whole-time Director, being the Promoters of the Company, have not been granted any stock option in compliance with the SEBI Guidelines. The other relevant details of stock options, including exercise period, vesting period etc. are covered elsewhere in this Report.

### Details of Service Contracts

| Names                     | Date of last Appointment | Current tenure | From          | To            |
|---------------------------|--------------------------|----------------|---------------|---------------|
| 1. Mr. Ramesh Chand Garg* | June 25, 2011            | 3 years        | June 25, 2011 | June 24, 2014 |
| 2. Mr. Sanjay Agarwal*    | November 25, 2006        | 5 years        | Nov. 25, 06   | Nov. 24, 2011 |
| 3. Mr. Sourabh Garg       | June 1, 2007             | 5 years        | June 1, 2007  | May 31, 2012  |

- \* **Mr. Ramesh Chand Garg appointed as Chairman and Managing Director w.e.f. September 26, 2011 to September 25, 2014.**
- \* **Mr. Sanjay Agarwal ceased from directorship w.e.f. July 23, 2011.**

The tenure of office of the Managing Director and Whole-time Directors is for a period of 3 or 5 years as the case may be, from their respective dates of appointments and can be terminated by either party by giving six months or as the case may be, three months' notice in writing. There is no separate provision for payment of severance fees.

## **II. Shareholders'/ Investors' Grievances Committee**

The Shareholders'/Investors' Grievances Committee of the Board look into redressal of Investors' Complaints and requests, such as delay in transfer of shares, non-receipt of Dividend, Annual Report, revalidation of Dividend Warrants etc.

The Committee deals with various matters relating to:

- Transfer/transmission/transposition of shares;
- Issue of share certificates for lost, sub divided, consolidated, rematerialized, defaced, etc;
- Consolidation/ splitting of folios;
- Review of shares dematerialized and all other related matters;
- Investors' Grievances and redressal mechanism, and recommending measures to improve the level of Investor Services.

The Share Department of the Company, and the Registrar and Share Transfer Agent, Ankit Consultancy (P) Ltd., Indore, attend all grievances/ correspondences of the shareholders and investors received directly or through SEBI, Stock Exchanges, Department of Company Affairs, Registrar of Companies, etc., expeditiously. Usually a reply is sent within 15 days of receipt of the letter, except in cases that are constrained by dispute or legal impediment.

### **Composition and Attendance of Shareholders'/Investors' Grievance Committee**

The Quorum for functioning of the Committee is the presence of any two Directors. Ten meetings of the Committee were held during this financial year. The meetings were held on: 02-Apr-10, 30-Jun-10, 30-July-10, 16-Aug-10, 30-Sept-10, 30-Oct-10, 30-Dec-10, 15-Feb-11, 31-Mar-11 & 30-Apr-11. The minutes of the Shareholders'/Investors' Grievances Committee are noted by the Board of Directors at the Board Meetings.

| Members            | Position | Meetings held during the tenure of Directors | Numbers of meetings attended |
|--------------------|----------|--|------------------------------|
| Mr. P. K. Mandloi  | Chairman | 10   | 10                           |
| Mr. Sanjay Agarwal | Member   | 10   | 10                           |
| Mr. Sourabh Garg   | Member   | 10   | 10                           |

The Company Secretary of the Company acts as Secretary to the Shareholders'/Investors' Grievance Committee.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 75. There were no complaints pending, as on 30th June, 2011, which have not been resolved to the satisfaction of the shareholders. There are no pending transfer.

### III. Compensation Committee:

Pursuant to the mandatory provisions of SEBI (ESOS & ESOPs) Guidelines, 1999 for introducing ESOS, the Company has constituted a Compensation Committee for efficient operation/supervision and administration of the proposed ESOPs.

#### Terms of Reference

- The Compensation Committee will formulate the detailed terms and conditions of the Scheme including:
  - Number of options to be granted to any employee, and in the aggregate;
  - Terms on which the options will vest;
  - The conditions under which options vested in employees may lapse;
  - The exercise period within which an employee should exercise the option, and lapsing of the option on failure to exercise the option within the exercise period;
  - The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of the employee;
  - The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
  - The grant, vesting and exercise of option in case of employees who are on long leave;
  - Procedure and mechanism for cashless exercise of options;
  - Lock-in period for the shares issued pursuant to exercise of the options; and
  - Any other related or incidental matters.
- To look into the other day to day operations of the Scheme.

**Composition and Attendance of Compensation Committee**

| Members            | Position in Committee | Meetings held during tenure of Directors | Nos. of meetings attended |
|--------------------|-----------------------|--|---------------------------|
| Mr. Sanjay Agarwal | Chairman              | 0  | 0                         |
| Mr. R Ganesh*      | Member                | 0  | 0                         |
| Mr. P.K.Mandloi    | Member                | 0  | 0                         |
| Mr. B.N.Singh      | Member                | 0  | 0                         |
| Mr. R.S.Sisodia    | Member                | 0  | 0                         |

\* **Mr. R. Ganesh ceased from directorship w.e.f. June 27, 2011.**

The Company Secretary of the Company acts as Secretary to the Compensation Committee

The Quorum for the Committee's meeting consists of three Directors present in person, and decisions are taken by the Committee by majority in opinion.

During the financial year, No meeting of the Committee had been conducted and no ESOP's were granted to any Employee.

**IV. Management And Finance Committee**

The primary role of the Management and Finance Committee, for which it has been constituted, is strategic management of the Company's business within the Board-approved direction. This role deals with the banks for finance facilities and matters related to government agencies, licensing authorities and other day to day matters of the Company. The Committee deals with matters which require decisions at short intervals for smooth operations of the Company.

**Terms and reference:**

- To look into matters pertaining to finance and banking and approve the availing of fund-raising and finance facilities from banks and financial institutions.
- To deal with the government authorities, semi-government authorities and other organizations with reference to the day-to-day operations of the Company such as obtaining approvals, sanctions, licenses etc.
- To review the long term business plans, capital expenditure, business strategies and organizational structure of the Company.
- To look into the other day-to-day operations of the Company.

Decisions / actions taken by the Committee are placed before the Board in the form of signed minutes and notes from the Chairman of the Committee for information/ reviewing/ approval by the Board of Directors at their meeting.



## Composition and Attendance

During the financial year from April 1, 2010 to June 30, 2011, Management and Finance Committee Meetings had met Sixteen times as per the details given under:

|                 |                   |                   |                |
|-----------------|-------------------|-------------------|----------------|
| April 30, 2010  | September 6, 2010 | January 10, 2011  | March 18, 2011 |
| June 8, 2010    | November 13, 2010 | February 15, 2011 | March 31, 2011 |
| July 12, 2010   | December 18, 2010 | February 26, 2011 | April 24, 2011 |
| August 18, 2010 | December 23, 2010 | March 4, 2011     | May 27, 2011   |

Composition of the Committee as on June 30, 2011 and attendance of Members at the meetings of the Management and Finance Committee held during the year i.e., from April 1, 2010 to June 30, 2011 was as follows:

| Members            | Position | Total No. of Meetings | Numbers of meetings attended |
|--------------------|----------|-----------------------|------------------------------|
| Mr. R.C.Garg       | Chairman | 16                    | 16                           |
| Mr. Sanjay Agrawal | Member   | 16                    | 16                           |
| Mr. Saurabh Garg   | Member   | 16                    | 16                           |
| Mr. P.K. Mandloi   | Member   | 16                    | 16                           |

## V. Audit Committee

### Composition and attendance

The Audit Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and the Companies Act, 1956 and comprises three Non-Executive Independent Directors. The Director responsible for the Finance function, Internal Control and representatives of Statutory Auditors, are invitees to meetings of Audit committee. All the Members of Audit Committee are financially literate, including the Chairman of the committee who possesses knowledge and expertise in corporate finance, accounts and Company law.

During the financial year i.e., from April 1, 2010 to June 30, 2011, five Audit Committee Meetings were held as under:

|              |                   |                   |                   |               |
|--------------|-------------------|-------------------|-------------------|---------------|
| May 31, 2010 | September 3, 2010 | November 24, 2010 | February 11, 2011 | June 25, 2011 |
|--------------|-------------------|-------------------|-------------------|---------------|

The Composition of the Audit Committee and Attendance of Members at the meetings of the Audit Committee held during the year i.e., from April 1, 2010 to June 30, 2011 is as follows:

| Members            | Chairman / Member | Total No. of Meetings | Numbers of meetings attended |
|--------------------|-------------------|-----------------------|------------------------------|
| Mr. P. K. Mandloi  | Chairman          | 5                     | 5                            |
| Mr. R. S. Sisodia  | Member            | 5                     | 5                            |
| Mr. Sanjay Agarwal | Member            | 5                     | 5                            |

Company Secretary of the Company acts as the Secretary to the Committee.

### Terms of Reference

The Audit Committee has been constituted as per Section 292 A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement with Stock Exchanges. The Audit Committee of the Company, inter-alia, provides assurance to the Board on the existence and adequacy of an effective internal control system that ensures:-

- Efficiency and effectiveness of Internal Control and Audit.
- Safeguarding of assets and adequacy of provisions for liabilities.
- Reliability of all financial and other information, and adequacy of disclosures.
- Compliance with all relevant statutes.

The Terms of Reference of the Audit Committee are in accordance with the requirements of clause 49 of the Listing Agreement, as specified by the Board of Directors of the Company, and inter-alia includes:

- Reviewing the Company's financial reporting process and disclosure of financial information.
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliances with accounting standards and legal requirements concerning financial statements.
- Reviewing the adequacy of internal control system and internal audit function, ensuring compliance of internal control systems and reviewing the Company's financial and risk management policies.
- Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve payment of other services.
- Reviewing the reports furnished by the internal auditors and statutory auditors, and ensuring suitable follow-up thereon.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by The Institute of Chartered Accountants of India during the year. Compliance of the Accounting Standards as applicable to the Company has been ensured in the Financial Statements for the year ended June 30, 2011.

### III. Subsidiary Companies

Material non-listed Indian subsidiary companies as defined in clause 49 of the Listing Agreement with Stock Exchanges: None

### IV. Disclosures

#### (A) Related Party Transactions

During the year, there were no materially significant transactions of the Company with its promoters, the directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

The details of all transactions with related parties are placed before the Audit Committee on quarterly basis, and were in the ordinary course of business and on arm's length basis. The details of related party transactions are included in the Notes to the Audited Accounts.

#### (B) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

#### (C) Board Disclosures

##### Disclosure on Risk Management

The Company has formulated a Risk management team, which laid down procedure to inform Board members about the risk assessment and minimization procedure. The team consists of the Managing Director as the Chairperson, and members included senior management persons heading key functions of the company. Risks are reviewed quarterly to ensure that the Executive Management has control of the risks.

#### (D) Proceeds from the Preferential Issue of Equity Shares

The Company has allotted 1,64,61,337 equity shares of Re. 1/- each (excluding premium of Rs. 53.50 for each share) on December 30, 2010 to promoters upon conversion of 1,64,61,337 promoter's warrants after receipt of balance 75% of issue price i.e., Rs 4274 Lacs.

##### Utilization of proceeds received on preferential issue of securities:

The company has raised Rs 4274 Lacs up to June 30, 2011 from allotment of shares on preferential basis. The entire proceeds received towards the warrants have been utilized for the purpose of expansion of refinery in India along with other allied expenditure and for investment in its subsidiaries, except Rs.5065 Lacs (Previous year : Rs.7537.17 lacs), which were lying as Fixed Deposit with banks at the year end.

**(E) Remuneration of Directors**

The required information under IV(E) of clause 49 of the listing agreement providing details of the remuneration of Non Executive and Executive directors have been given above in the report.

**(F) Management Discussion and Analysis**

A Management Discussion and Analysis Report are given separately, as part of the Directors Report.

**(G) Shareholders**

The Company has over 83787 shareholders. The communication channel to the shareholders of the Company is through the Annual Report, which includes Audited Annual Accounts of the Company along with the Auditors & Directors Report, Corporate Governance and Management Discussion and Analysis, and all relevant information needed by the shareholders.

Apart from annual communication with the shareholders, the Company communicates with its shareholders by providing quarterly unaudited results which are published in The Economic Times, Business Standard, Nav Bharat Times (Hindi Edition) and Dainik Bhaskar (Hindi Edition), apart from press releases on the Company's website, [www.ksoils.com](http://www.ksoils.com).

In terms of clauses of the listing agreements, the Company is filing its Annual Reports, quarterly results, shareholding pattern, and press releases to the Bombay Stock Exchange, the National Stock Exchange and on the Company's website. The Company Secretary of the Company has been appointed as Compliance officer of the Company.

At the time of appointment/reappointment, details of Directors like their brief resume, nature of his expertise in functional area, Directorship of other Companies, and relationship to other Directors are provided as a part of the Notice convening the Annual General Meeting given to the shareholders. The Corporate Governance Report, part of Directors Report, also provides information about the last year's meetings held and business conducted thereto. The Report also provides information on share prices for the last one year, and details on the listing of shares at various Exchanges.

**Details of the General Meetings held and special resolution passed in the last three years:**

| Year                                     | Date               | Day       | Location of the Meeting  | Time       | Details of Special Resolution  |
|--|--------------------|-----------|--|------------|--|
| <b>I Annual General Meeting</b>          |                    |           |  |            |  |
| 2007-2008                                | September 20, 2008 | Saturday  | T. R. Puram,<br>A. B. Road,<br>Morena-<br>476001, M.P.             | 4.00 P.M.  | <ol style="list-style-type: none"> <li>1. Amendment of Memorandum of Association that Authorised Share Capital of the company increased to Rs. 60,00,00,000</li> <li>2. Amendment of Articles of Association that Authorised Share Capital of the company is Rs. 60,00,00,000</li> <li>3. Increasing in Number of Directors from 12 to 16</li> </ol>   |
| 2008-2009                                | September 30, 2009 | Wednesday | T. R. Puram,<br>A. B. Road,<br>Morena-<br>476001, M.P.             |            | <ol style="list-style-type: none"> <li>3. Amendment of Articles of Association that substitution of various articles by introduction .</li> </ol>  |
| 2009-2010                                | September 30, 2010 | Thursday  | Factory Of-<br>fice, A. B.<br>Road, Morena-<br>476001, M.P.        |            | No Special Resolution was passed.  |
| <b>II Extra Ordinary General Meeting</b> |                    |           |  |            |  |
| 2007-08                                  | August 8, 2007     | Wednesday | Jiwaji Ganj,<br>Morena-<br>476001, M.P.<br><br>(Registered Office) | 11.00 A.M. | <ol style="list-style-type: none"> <li>1. Preferential allotment of 21,58,236 Equity shares to investors.</li> <li>2. Preferential allotment of 23,86,635 Warrants to Promoters.</li> <li>3. Increase of investment limit of Foreign Institutional Investors.</li> <li>4. Issue of Global Depository Receipt (GDR).</li> <li>5. Issue of Foreign Currency Convertible Bonds (FCCBs)/.</li> </ol> |
|  | October 20, 2007   | Saturday  | Jiwaji Ganj,<br>Morena-476<br>001, M.P.<br><br>(Registered Office) | 11.00 A.M. | <ol style="list-style-type: none"> <li>1. Alteration of Articles of Association</li> <li>2. Approval of ESOP of K.S. oils ltd.</li> </ol>  |

|           |                  |           |  |          |  |
|-----------|------------------|-----------|--|----------|--|
| 2008-2009 | June 17,<br>2009 | Wednesday | Factory Office,<br>A.B. Road, In-<br>dustrial Area,<br>Morena(MP)-<br>476001 | 4.00P.M. | <ol style="list-style-type: none"> <li>1. Preferential Allotment of 2,79,21,406 Equity Shares to NSR Direct PE Mauritius, LLC, Mauritius.</li> <li>2. Preferential Allotment of 86,72,566 CVCII Warrants to CVCIGP II Client Rosehill Limited, Mauritius.</li> <li>3. Preferential Allotment of 86,72,566 Barring Warrant to Baring Private Equity Asia III Mauritius Holdings (3) Limited, Mauritius.</li> <li>4. Preferential Allotment of 2,88,07,339 Promoter Warrants to Mrs. Sheela Garg And Mrs. Meeta Garg together.</li> <li>5. To Allot one or more tranches, for an amount not exceeding US\$ 15 million inclusive of premium.</li> </ol> |
|-----------|------------------|-----------|--|----------|--|

## General Shareholders Information

**Registered Office** : Jiwaji Ganj,  
Morena (M. P.) – 476 001  
Phone: 07532 – 300000  
Fax : 07532 - 300106  
Email: investors@ksoils.com  
Website: www.ksoils.com

**Annual General Meeting:** Date: Friday, the 30th Day of December, 2011  
Time: 4:00 PM  
Venue: A. B. Road, Morena (MP) - 476001

## Financial Calendar (tentative):

| Adoption of Quarterly Results Ended: | In the Month of   |
|--------------------------------------|---|
| September 30, 2011                   | November, 2010 (1 <sup>st</sup> / 2 <sup>nd</sup> week) |
| December 31, 2011                    | February, 2012 (1 <sup>st</sup> / 2 <sup>nd</sup> week) |
| March 31, 2012                       | May, 2012 (1 <sup>st</sup> / 2 <sup>nd</sup> week)      |
| June 30, 2012                        | August, 2012 (1 <sup>st</sup> / 2 <sup>nd</sup> week)   |
| September 30, 2012                   | November, 2012 (1 <sup>st</sup> / 2 <sup>nd</sup> week) |

**Date of Book Closure:**

The Register of Members and Share Transfer Books of the Company will remain closed from December 26, 2011 to December 30, 2011 (both days inclusive).

**Dividend:**

The Board have not recommended any dividend.

**Information regarding Listing Equity Shares and Global Depository Receipts (GDRs) on Stock Exchanges, Payment of Listing Fees and Stock Code etc.**

| Name of Stock Exchange   | Code/Trading Symbol     | ISIN         |
|--|-------------------------|--------------|
| A. Equity Shares   |                         |              |
| 1. Bombay Stock Exchange Limited, (BSE),<br>Phiroze Jeejeebhoy Towers, Dalal Street,<br>Mumbai – 400 001   | 526209                  | INE727D01022 |
| 2. National Stock Exchange of India Limited (NSE),<br>“Exchange Plaza”, Bandra-Kurla Complex,<br>Bandra (E), Mumbai 400 051                        | KSOILS                  | INE727D01022 |
| B. GDRs  |                         |              |
| Singapore Exchange Limited, Singapore  | K.S.OILS LIMITED<br>GDR | US48269C1080 |
| <b>Payment of Listing Fee:</b> Annual Listing Fee for the year 2011-12 (as applicable) has been paid by the company to BSE, NSE, NSDL, CDSL & SGX. |                         |              |

**Registrar and Share Transfer Agent:****Ankit Consultancy Pvt. Ltd.**

60, Electronic Complex,

Pardeshipura, Indore (M.P.)

PIN Code – 452 010

Fax : (0731) 4065798

Email: ankitind@sancharnet.in

Time: 10.00 a.m. to 6.00 p.m.

## Share Transfer System

Share transfers in physical form are registered by the Registrars and returned to the respective transferee within a period of fifteen days, provided the documents lodged with the Registrars / Company are clear in all respects. In case of shares in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through respective Depository Participants. In compliance with the Listing Agreement with the Stock Exchanges, a practicing Company Secretary audits the system of transfer and a Certificate to that effect is issued.

## Market Price Data

Monthly Highs and Lows for FY 2010-2011 at BSE & NSE

| Month           | BSE                |                   | NSE                |                   | BSE sensex<br>(close) |
|-----------------|--------------------|-------------------|--------------------|-------------------|-----------------------|
|                 | K.S.OILS<br>(High) | K.S.OILS<br>(Low) | K.S.OILS<br>(High) | K.S.OILS<br>(Low) |                       |
| April, 2010     | 71.75              | 65.00             | 80.25              | 64.75             | 17558.71              |
| May, 2010       | 67.10              | 58.20             | 67.80              | 58.15             | 16944.63              |
| June, 2010      | 60.60              | 50.80             | 60.50              | 51.00             | 17700.90              |
| July, 2010      | 58.95              | 50.05             | 59.20              | 50.00             | 17868.29              |
| August, 2010    | 57.10              | 47.95             | 57.20              | 47.95             | 17971.12              |
| September, 2010 | 52.35              | 48.20             | 52.05              | 48.25             | 20069.12              |
| October, 2010   | 60.45              | 48.85             | 60.50              | 48.55             | 20032.34              |
| November, 2010  | 63.10              | 38.65             | 63.20              | 38.10             | 19521.25              |
| December, 2010  | 49.80              | 28.55             | 49.40              | 28.55             | 20509.09              |
| January, 2011   | 48.65              | 37.75             | 48.60              | 37.60             | 18327.76              |
| February, 2011  | 42.20              | 30.00             | 42.25              | 29.70             | 17823.40              |
| March, 2011     | 34.75              | 30.70             | 34.70              | 30.70             | 19445.22              |
| April, 2011     | 37.60              | 32.00             | 37.60              | 32.25             | 19135.96              |
| May, 2011       | 33.50              | 24.65             | 33.50              | 24.60             | 18503.28              |
| June, 2011      | 27.90              | 16.50             | 27.95              | 16.50             | 18845.87              |

Source: BSE & NSE websites:

The closing market price per equity share on November 28, 2011 is Rs. 7.07 on BSE and Rs. 7.06 on NSE.



## Distribution of Shareholding as on June 30, 2011

| No. of Equity Shares |           | No. of Shareholders | Percentage of shareholders | No. of Shares Held | Percentage of Shareholding |
|----------------------|-----------|---------------------|----------------------------|--------------------|----------------------------|
| Up to                | 1000      | 73557               | 87.79                      | 19112919           | 4.49                       |
| 1001                 | 2000      | 5581                | 6.66                       | 9344436            | 2.20                       |
| 2001                 | 3000      | 1435                | 1.71                       | 3779931            | 0.89                       |
| 3001                 | 4000      | 750                 | 0.90                       | 2781938            | 0.65                       |
| 4001                 | 5000      | 651                 | 0.78                       | 3120826            | 0.73                       |
| 5001                 | 10000     | 925                 | 1.10                       | 7043668            | 1.66                       |
| 10001                | 20000     | 415                 | 0.50                       | 5995574            | 1.41                       |
| 20001                | 30000     | 169                 | 0.20                       | 4226087            | 0.99                       |
| 30001                | 40000     | 75                  | 0.09                       | 2659885            | 0.63                       |
| 40001                | 50000     | 47                  | 0.06                       | 2203417            | 0.52                       |
| 50001                | 100000    | 75                  | 0.09                       | 5209344            | 1.22                       |
| 100001               | And Above | 107                 | 0.13                       | 359934730          | 84.61                      |
| <b>Total</b>         |           | <b>83787</b>        | <b>100.00</b>              | <b>425412755</b>   | <b>100.00</b>              |

## Shareholding Pattern as on June 30, 2011

| Category code | Category of Shareholder   | No. of Shareholders | No. of Shares held | % of Share Capital |
|---------------|---|---------------------|--------------------|--------------------|
| <b>(A)</b>    | <b>SHARE HOLDING OF PROMOTER AND PROMOTER GROUP</b>                                 |                     |                    |                    |
|               | Indian Promoters  | 16                  | 130678067          | 30.72              |
|               | Foreign promoters   |                     | -                  | -                  |
|               | <b>Total Shareholding of Promoter and Promoter Group<br/>(A) = (A) (1)+ (A) (2)</b> | <b>16</b>           | <b>130678067</b>   | <b>30.72</b>       |
| <b>(B)</b>    | <b>PUBLIC SHARE HOLDING</b>   |                     |                    |                    |
|               | <b>Institutions</b>   |                     |                    |                    |
| (a)           | Mutual Funds and UTI  | 3                   | 440000             | 0.10               |
| (b)           | Financial Institutions and Bank   | 6                   | 3024641            | 0.71               |
|               | Central Govt. / State Govt.(s)  |                     |                    |                    |
|               | Insurance Companies, Foreign Venture Capital Investors                              |                     |                    |                    |
|               | Foreign Institutional Investors   | 54                  | 47690050           | 11.21              |

|     |   |              |                  |              |
|-----|---|--------------|------------------|--------------|
| (c) | Any other (Specify)   |              |                  |              |
|     | <b>Sub-Total (B)(1)</b>   | <b>63</b>    | <b>51154691</b>  | <b>12.02</b> |
|     | <b>Non-institutions</b>   |              |                  |              |
|     | Bodies Corporate  | 1417         | 72992060         | 17.16        |
|     | Individuals   |              |                  |              |
|     | i. Individuals shareholders holding nominal shares capital up to Rs. 1 Lac.         | 80478        | 40725009         | 9.57         |
|     | ii. Individuals shareholders holding nominal shares capital in excess of Rs. 1 Lac. | 403          | 11499754         | 2.70         |
|     | Any Other –   |              |                  |              |
|     | i. NRIs/OCBs  | 832          | 63623512         | 14.96        |
|     | ii. Clearing Member   | 577          | 4901952          | 1.15         |
|     | <b>Sub-Total (B)(2)</b>   | <b>83707</b> | <b>193742287</b> | <b>45.54</b> |
|     | <b>Total Public Shareholdings (B) = (B)(1)+(B)(2)</b>                               | <b>83770</b> | <b>244896978</b> | <b>57.57</b> |
|     | <b>TOTAL (A)+(B)</b>  | <b>83786</b> | <b>375575045</b> | <b>88.29</b> |
| (C) | Shares held by custodians and against which depository receipts have been issued    | 1            | 49837710         | 11.71        |
|     | <b>GRAND TOTAL (A)+(B)+(C)</b>  | <b>83787</b> | <b>425412755</b> | <b>100</b>   |

### Dematerialization of Shares:

The trading in Company's shares is permitted only in dematerialized form. In order to enable the shareholders to hold their shares in Demat form, the Company has enlisted its shares with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### Status of De-materialization as on June 30, 2011:

|                                   |           |  |
|-----------------------------------|-----------|--|
| No. of Shares Dematerialized      | 413034974 | <b>97.09%</b> of the total share capital       |
| No. of Shareholders in Demat form | 82856     | <b>98.89%</b> of the total no. of shareholders |

## Plant Location of the Company:

The Company has manufacturing facilities at:

1. A. B. Road, Industrial Area, Morena – 476 001 (MP)  
Phone: 07532 –304000  
Fax : 07532 - 304312  
Email: works@ksoils.com
2. Village Khara Kheri,  
Ratlam -457 001 , Madhya Pradesh
3. Village Tathode, Tehsil Ladpura  
Kota, Rajasthan
4. J.L.No.-149, Debhog  
HPL Link Road , Haldia  
Purba, Medinipur-721657  
W.B., India
5. Village Silawati (Opp. Vandana Hotel)  
A. B.Road Guna ,Distt.  
Guna-473001, Madhya Pradesh

## Address for Correspondence:

### **Shareholders are requested to contact:**

Share Department

K.S. Oils Ltd.,

Jiwaji Ganj, Morena - 476 001,

Madhya Pradesh , India

Phone: 07532-300000

Fax : 07532-300106

Email: [investors@ksoils.com](mailto:investors@ksoils.com)

Website: [www.ksoils.com](http://www.ksoils.com)

## **Outstanding GDRs/Warrants and Convertible Bonds, GDR:**

As on June 30, 2011, total outstanding GDRs, was 49,83,771 representing 4,98,37,710 underlying Equity shares constituting 11.72% of the paid-up capital of the Company. Each GDR represents 10 underlying equity shares in the Company. GDR is not a specified time-bound instrument and can be surrendered at any time & converted into underlying Equity shares in the Company. The shares so released in favour of the Investor upon surrender of GDRs can either be held by the Investor concerned in their own name, or sold off in the Indian secondary market for cash.

## **V CEO / CFO Certification**

A Certificate from the Managing Director and Chief Financial Officer on the financial statements of the Company was placed before the Board and is annexed with this report.

## **Statutory Compliance, Penalties and Strictures**

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges, as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges, or any statutory authority for non-compliance on any matter related to the capital markets during the last three years.

## **VI Report on Corporate Governance**

The Company had submitted its quarterly Compliance report to the Stock Exchanges within 45 days from the closure of the quarter, as per the format prescribed in annexure I B of the regulations. The report was signed by the Compliance Officer of the Company.

## **VII Compliance**

### **(i) Certificate from Company Secretary for compliance of Conditions of Corporate Governance**

The Company had obtained a Certificate from the Company Secretary in Practice, regarding compliance of Conditions of Corporate Governance as stipulated & annexed the certificate the Director Report, which is sent annually to all the shareholders of the Company. The same certificate shall also be sent to the Stock Exchanges along with the Annual Report filed by the Company. The Company had complied with the mandatory requirements as stipulated under clause 49 of the listing agreements.

### **(ii) Non-Mandatory Requirements**

The Company had adopted the non-mandatory requirements as regards to the provisions of setting up of the Remuneration Committee and complying with various requirements stated thereto. The Company is

establishing systems to move towards a regime of unqualified financial statements. The unaudited financial results are published and are available on website of the Company. Whenever shareholders ask for a copy of results, the same is furnished to them. As regards other non-mandatory requirements, the Board has taken cognizance of the same, and may consider adopting the same as when deemed appropriate.

**(iii) Going Concern**

The Directors are satisfied that the Company has adequate resources to continue its business for the foreseeable future, and consequently consider it appropriate to adopt the going concern basis in preparing the financial statements.

For and on behalf of the board of Directors

Sd/-

Place: Morena

Ramesh Chand Garg

Date: November 29, 2011

(Chairman & Managing Director)

To

The Board of Directors,

K.S.Oils Ltd.

We hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended June 30 '2011 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**For K.S.Oils Ltd**

Sd/-

Ramesh Chand Garg

Chairman & Managing Director

**For K.S.Oils Ltd**

Sd/-

Brijesh Bagpatia

Chief Financial Officer

Place: Morena

Date: November 29, 2011

# Corporate Governance Compliance Certificate

## Secretarial Certificate

To The Member of K. S. OILS LIMITED

We have examined the compliance of the condition of corporate governance by K. S. OILS LIMITED, for the year ended June 30, 2011, as stipulated in clause 49 of the listing Agreement of the said Company with stock exchanges.

The compliance of condition of the corporate governance is the responsibility of the management. Our examination was limited to producers and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate Governance. It is neither an audit nor an expression of opinions on the financial statement of the Company.

In our opinion and to the best of your information and according to the explanations given to us, we certify that the Company has complied with the condition of corporate governance as stipulated in the above-mentioned listing agreement.

We state that in respect to investor grievance received during the Financial Year ended June 30, 2011 no investor grievances are pending for a period of exceeding one month against the Company as per the records maintained by the Company and the Depository Registrar & Transfer Agent, which are presented to the shareholders/ Investors Grievance Committee.

We further state that the compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of Company.

For S. K. Batra & Associates.  
Company Secretaries

Sd/-  
Sumit Batra  
M.No: 22299 (Prop.)

Place : New Delhi

Dated : November 28, 2011

# Management Discussion And Analysis

## Industry Structure and Developments

India is the 4th largest edible oil economy after U.S., China & Brazil. As we can see that Asian market have emerged as the most promising industry at the world and the Global cues suggest that the next round of growth will come from Asian economies like China and India which have a growing population to feed, younger demographics, better life style choices and increased purchasing power due to local development.

The future for food companies will be fortified by giving the discerning consumer a sustainable, healthy and value added choice to create a better life. Edible oil companies will create customer loyalty through sustained brand building efforts by catering to the local tastes of the consumers. Increased R&D spend for value added, healthier innovation and reduced input cost by owing the backend supply chain will be critical to create value for customers and shareholders alike.

## Production and R&D

Our five state-of-the-art manufacturing plants are among the best in technology, design and efficiency parameters among India's edible oil players. Our mechanized plants have stringent quality and hygiene parameters as per international manufacturing standards, thus ensuring the best products reaches the consumer.

The R&D team in close association with farmers conducts study and research to produce the best seeds. The initiative taken by the R&D team at K S Oils helps in increasing the supply of raw material to increase productivity, which in turn aids in keeping pace with the growing demand. The company has teamed up with leading academic associations to develop best agri-farm practices to meet the customers' desire for sustainably sourced product.

## Opportunities and Threats (SWOT Analysis)

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

Our business sector is vulnerable to certain external factors that are often nature related or driven by international developments. Thus, we are dependent on weather and monsoons for our oilseeds crop and international petroleum crude prices determine our raw material purchase for palm and other edible oils.



Freight and transportation costs is another challenge; increase in these costs can affect the time and supply of raw materials to our plants and of the finished products to the market. Overcoming these factors will be the key to ensuring sustained growth in the future.

The biggest opportunity is the consolidation that is taking place in the edible oil industry; as leaders and organized players, we are set to gain most from this consolidation. 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 sign that we are entering palm production at the right time. Favorable government policies will ensure that the organized edible oil industry grows significantly.

We face threats from competition who are gearing up to enter this sector and/ or current players raising capacity because of the attractiveness of this sector. A macro threat is that of vegetable oil seeds being diverted for non-food production like bio-fuel and other alternate energy. Rising crude oil prices and volatility in international prices are the other sources of concern.

### **Segment-wise Performance**

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

- Solvent – Seed / Solvent extraction, crude Mustard Oil, Refined oils and Deoiled cake
- Vanaspati – Vanaspati Ghee
- Power – Power Generation (wind mills and jatropha plantations)

The detailed performance segment wise is given in Schedule 21 to the audited accounts of the company provided in the Annual Report.

### **Outlook for K S Oils**

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

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

The company plans to become a leading FMCG led edible oil companies and the fastest growing agri food company in Asia by continuing to build agricultural scales to bring down our cost inputs and raw material.

## Risks and Concerns

Macroeconomic and global issues like inflation, recession, political and social upheavals, in adequate or excessive rainfall, acts of God and nature will have an effect on the industry as a whole. The company's key raw material input of mustard seed and other edible oils are agriculture produce and procured from domestic and international markets at competitive prices. These prices vary on factors like good monsoons, weather conditions, demand and supply scenario, foreign exchange fluctuations and government policy both at domestic and international level.

Along with the above, the company and other industry players are exposed to foreign exchanges losses because of crude edible oil imports and rapeseed DOC and soybean meal exports. The commodity risks are not significant considering the normal co-relation in the price of the raw material and finished goods. The company adopts continuous risk-monitoring system and hedges its future foreign exchange risks.

## Internal Control Systems and their Adequacy

K S Oils has an established and comprehensive internal control mechanism and management structure in place across all its business functions which ensure that the assets of the company are duly recorded at fair value as per standard accounting practices and safeguarded against all and any loss from unauthorized use or disposition.

### Internal Control systems are implemented:

- To safeguard the company's assets from loss or damage.
- To keep constant check on cost structure and process loss.
- To provide adequate financial and accounting controls and implement standard accounting standards.
- To maintain proper accounting record and statutory compliances.
- For the appropriate use of company's funds.

The systematic implementation of Internal Control Systems and policies has resulted in the use of funds in the most efficient and appropriate manner. All this has been implemented in every area commencing from raw materials to finished products.

## Discussion on Financial Performance

During the year under review your Company's total sales was Rs. 560542 lacs as against Rs. 402700 lacs for the previous year. The profit before Finance cost, Depreciation, Exceptional items and Taxes was Rs. 4793 lacs as against Rs. 47602 lacs for the previous year. The loss after tax and other expenses was Rs. 35496 lacs as against to the profit of Rs. 22441 lacs for the previous year. The Finance cost was Rs. 31175 lacs as against

to Rs. 15636 lacs for the previous year. The Company recorded of Earning per share (EPS) of Rs. (8.54) for the year ended June 30, 2011.

The current financial year is a period of 15 months i.e., April 1, 2010 to June 30, 2011.

## **Material Development in Human Resources/ Industrial relations, Including Number of People Employed**

K S Oils, realizes the challenges of recruitment, integration and retention faced by a new hiring environment. As a result, we have been following a 3R approach – Retain, Recruit and Rejuvenate, to make K S Oils an Employer of Choice. Today, K S Oils has approximately 3,000 employees working in four countries – India, Indonesia, Singapore and Malaysia. Thus, K S Oils, is creating a collaborative and innovation-driven work culture to attract, retain and develop the best talent in the industry.

## **Corporate Social Responsibility**

K S Oils, believes that Corporate Social Responsibility (CSR) is all about long-term sustainability and is becoming an agent of change through the following initiatives:

- Khushali – a farmer outreach program that empowers farmers to get higher yield and covers land of at least 700 acres every year.
- Alternative energy generation that also provides gainful employment through the plantation of jatropha plants for bio-diesel in the Chambal ravines. The project has succeeded in generating employment for 1,000 families for 100 days in a year.
- Regularly associating with education programs of various institutes to bring about exchange of ideas among students and ensure a better and brighter future for India's children.

## **Cautionary Statement**

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

## Corporate Social Responsibility

K S Oils believes that corporate social responsibility (CSR) initiatives should be intertwined with business blueprints and then only can act as an change agent. Thus, we have woven CSR and green initiatives into our long-term sustainability plan and integrated it with our business model.

K S Oils follows a three-pronged approach of Empowerment, Energy and Education for fulfilling its corporate social initiatives.

For example, Khushali, our farmer outreach initiative adds robustness to our sourcing capabilities and empowers the farmer community with better yield and realizations. It is symbolic of our idea of inclusive growth and covers land of at least 700 acres every year. This initiative has helped farmers increase their productivity to about 23 quintals per hectare, more than the national average. The better yield has led to a better lifestyle for these farmers who are assisted by our team of professionals who provide them with technical know-how, insecticides and pesticides. Today, this program is being rolled out across Madhya Pradesh and ultimately scaled up to other states of India.

We know we have only one earth and it is up to us to sustain its ecological balance. Our wind energy sector initiatives are bearing fruit and today we generate 78 MW of green energy from our wind farms which has a total installed capacity of 92 wind mills. The energy generated is equivalent to the energy used in our Morena plant and thus, as a corporate, we are energy neutral for one of our plants. We are committed to generate and use green energy as a philosophy within the company.

Education is another instrument of change. We believe that our ability to touch the lives of children early in their childhood is critical to shaping up their minds and character in the long term. Thus, we are associated in various ways in promoting primary education among the children in and around the district of Morena in Madhya Pradesh. To create better employment opportunities, we are associated with providing the local youth with technical training so that they got jobs in local industries or become self-employed. We absorb significant number of young minds who are trained under this program.

At K S Oils, we believe that CSR is all about long-term sustainability and we are helping in our small way through empowering farmers to get higher yields, alternative energy generation that also provides gainful employment and education to ensure a better and brighter future for India's children.

# Auditors' Report

To

## **The Members of K S OILS LIMITED**

1. We have audited the attached Balance Sheet of K S OILS LIMITED ('the Company') as at June 30, 2011 and also the Profit and Loss account and the Cash Flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of the written representations received from the directors, as on June 30, 2011,

and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- vi. Sundry Debtors are subject to confirmation and reconciliation. Its consequential effect, if any, on the relevant asset and loss for the period, are not quantifiable.
- vii. Attention is invited to the following notes in Schedule 21:
- a) Variations/ fluctuations in costs and sales price and our reliance on the management representation, this being a technical matter (Note 6);
  - b) Position of inventory as per report of independent chartered accountants. Report for position of debtors & inventory awaited from the stock auditors appointed by lead bankers. The reasons for which we could not observe inventory count as provided under Assurance Standard SA 501 "Audit Evidence- Additional Considerations For Specific Items." (Note 8); and
  - c) Pending approval of the Central Government for the excess managerial remuneration of Rs. 96 lacs (Note 11(b)).
- viii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and notes in schedule 21, give the information required by the Companies Act, 1956, in the manner so required and subject to our comments in para vi above and read with our observations in para vii above, give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2011;
  - b) in the case of the Profit and Loss account, of the loss for the period ended on that date; and
  - c) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For Haribhakti & Co.  
Chartered Accountants  
Firm Registration No.103523W  
Sd/-

Chetan Desai

Partner

Place: Mumbai

Date: November 29, 2011

Membership No.17000

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of K. S. OILS Limited on the financial statements for the period ended June 30, 2011]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, fixed assets were physically verified by the management during the period. We are informed that no material discrepancies were observed on such verification.
- (c) In our opinion and according to the information and explanations given to us, substantial part of fixed assets has not been disposed off by the company during the period.
- (ii) (a) The inventory has been physically verified by the management of the Company along with an Independent Firm of Chartered Accountants appointed by the Company. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii) (b),(c) and (d) of the order are not applicable.

- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(f) and (g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the existing internal control procedures are required to be strengthened to be commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial period at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public apply.
- (vii) In our opinion and according to the information and explanations given to us, the Company needs to strengthen its existing internal audit system to make it commensurate with the size and nature of its business. The Internal audit reports for the period upto March 31, 2011 have been made available to us.



(viii) The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Act in respect of Company's products viz. 'Vanaspati, Refined Vegetable Oils and Power Generation'. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records and are of the opinion that prima facie, the prescribed accounts and records have not been made and maintained.

(ix) (a) According to the records and information made available, the Company is generally regular in depositing Undisputed statutory dues including Investor Education and Protection Fund, Wealth Tax, Custom Duty, Provident Fund, Employees State Insurance, Service Tax, Sales Tax, Excise duty, cess & other material statutory dues applicable to it with the appropriate authorities except Income Tax where delays ranging from few months to few years have been observed. As per the information and explanation and records made available to us, the undisputed statutory dues payable for a period of more than six months from the date they became payable as at June 30, 2011 are as follows

| Name of Statute | Nature of the dues        | Amount (Rs. Lacs) |
|-----------------|---------------------------|-------------------|
| Income Tax      | Dividend Distribution Tax | 133.26            |
| Income Tax      | Income Tax                | 470.96            |

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanation given to us, there are no dues of income tax, including Investor Education and Protection Fund, Provident Fund, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except for the dues in relation to sales tax, excise duty & income tax as disclosed hereunder:

| Name of the Statute | Nature of the dues and period to which it relates | Amount (Rs. in lacs) | Period  | Forum where dispute is pending |
|---------------------|---|----------------------|---------|--------------------------------|
| Sales Tax Act       | Sales tax/CST                                     | 10.74                | 1998-99 | High Court                     |
| Sales Tax Act       | Sales tax/CST                                     | 5.59                 | 2003-04 | Revenue Board                  |
| Sales Tax Act       | Sales tax/CST                                     | 3.24                 | 2003-04 | Revenue Board                  |

|                        |               |       |         |  |
|------------------------|---------------|-------|---------|--|
| Sales Tax Act          | Sales tax/CST | 4.58  | 2007-08 | Deputy Commissioner Appeal,<br>Gwalior |
| Madhya Pradesh VAT Act | VAT           | 15.62 | 2007-08 | Deputy Commissioner Appeal,<br>Gwalior |
| Entry Tax Act          | Entry Tax     | 40.54 | 2006-07 | Deputy Commissioner Appeal,<br>Gwalior |
| Entry Tax Act          | Entry Tax     | 12.11 | 2007-08 | Deputy Commissioner Appeal,<br>Gwalior |
| Central Excise Act     | Excise duty   | 24.11 | 2001-02 | High Court                             |
| Central Excise Act     | Excise duty   | 2.55  | 2002-03 | High Court                             |
| Income Tax Act         | Income Tax    | 5.46  | 2004-05 | Assistant Commissioner                 |
| Income Tax Act         | Income Tax    | 14.53 | 2007-08 | Commissioner Appeals                   |

- (x) The company does not have any accumulated losses at the period end. Further, the company has incurred cash losses during the financial period covered by our audit, however there were no cash losses in the immediately preceding financial year.
- (xi) On the basis of the records made available and the information and explanation given to us. The company has not defaulted in repayment of dues except the following loans from banks and financial institutions along with interest due thereon, which has remained unpaid till date. The Company has not issued any debentures:

#### Default in payment of Principal Amount (Rs in Lacs)

| Sr. No | Name of the financial institution/ Bank | Due date of payment | Default in Principal |
|--------|---|---------------------|----------------------|
| 1      | State Bank of India                     | 30-6-2011           | 821                  |
| 2      | RABO Bank                               | 8-6-2011            | 347                  |
| 3      | ICICI Bank                              | 30-6-2011           | 450                  |
| 4      | Central Bank of India                   | 30-6-2011           | 475                  |

#### Default in payment of Interest (Rs. In lacs)

| Sr. No | Name of the financial institution/ Bank | Due date of payment | Default in interest |
|--------|---|---------------------|---------------------|
| 1      | State Bank of India                     | 30-6-2011           | 129                 |
| 2      | RABO Bank                               | 8-6-2011            | 36                  |
| 3      | ICICI Bank                              | 30-6-2011           | 45                  |
| 4      | Central Bank of India                   | 30-6-2011           | 213                 |
| 5      | State Bank of Mysore                    | 30-5-2011           | 108                 |
| 6      | State Bank of Mysore                    | 30-6-2011           | 101                 |

|    |                               |           |     |
|----|-------------------------------|-----------|-----|
| 7  | Federal Bank                  | 30-6-2011 | 51  |
| 8  | Jammu & Kashmir Bank          | 30-6-2011 | 58  |
| 9  | Axis Bank                     | 30-6-2011 | 40  |
| 10 | Life Insurance Corp. of India | 28-2-2011 | 47  |
| 11 | Life Insurance Corp. of India | 31-3-2011 | 100 |
| 12 | Life Insurance Corp. of India | 30-4-2011 | 98  |
| 13 | Life Insurance Corp. of India | 31-5-2011 | 102 |
| 14 | Life Insurance Corp. of India | 30-6-2011 | 100 |

- (xii) According to the records of the Company and according to the information and explanations provided to us, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing/ trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, while converting equity warrants allotted in the previous year on a preferential basis, the Company has made allotment of equity

shares to the parties listed in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.

- (xix) The Company did not issue any debentures during the period.
- (xx) During the period the company has not raised any money through public issue.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the period, nor have we been informed of such case by the management.

For Haribhakti & Co.  
Chartered Accountants  
Firm Registration No.103523W

Sd/-

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Chetan Desai  
Partner

Membership No.17000

Place: Mumbai

Date: November 29, 2011.

**K. S. OILS LIMITED****Balance Sheet as at June 30, 2011**

|   |          | (Rs. in Lacs)          |                         |
|---|----------|------------------------|-------------------------|
|   | Schedule | As at June<br>30, 2011 | As at March<br>31, 2010 |
| <b>Sources of Funds</b>                               |          |                        |                         |
| <b><u>Shareholders' Funds</u></b>                     |          |                        |                         |
| Share Capital   | 1        | 4254                   | 4090                    |
| Equity Share Entitlement Warrant                      |          | 0                      | 7130                    |
| Reserves & Surplus                                    | 2        | 109805                 | 133948                  |
|   |          | <b>114059</b>          | <b>145168</b>           |
| <b><u>Loan Funds</u></b>                              |          |                        |                         |
| Secured Loans   | 3        | 243709                 | 147732                  |
| <b>Deferred Tax Liability Net (Refer Note no. 19)</b> |          | <b>10619</b>           | <b>9986</b>             |
| <b>Deferred Government Grant</b>                      |          | <b>74</b>              | <b>81</b>               |
| <b>Total</b>  |          | <b><u>368461</u></b>   | <b><u>302967</u></b>    |
| <b>Application of Funds</b>                           |          |                        |                         |
| <b><u>Fixed Assets</u></b>                            |          |                        |                         |
| Gross Block   | 4        | 125652                 | 117378                  |
| Less : Accumulated Depreciation/Amortisation          |          | 19175                  | 11178                   |
| <b>Net Block</b>                                      |          | <b>106477</b>          | <b>106200</b>           |
| Capital Work in Progress(Including Capital Advances)  |          | 6886                   | 7865                    |
|   |          | <b>113363</b>          | <b>114065</b>           |
| <b>Investments</b>                                    | 5        | <b>21326</b>           | <b>19598</b>            |
| <b><u>Current Assets, Loan &amp; Advances</u></b>     |          |                        |                         |
| Inventories   | 6        | 171593                 | 171739                  |
| Sundry Debtors  | 7        | 95015                  | 23098                   |
| Cash & Bank Balances                                  | 8        | 10938                  | 12362                   |
| Other Current Assets                                  | 9        | 6676                   | 4794                    |
| Loans & Advances                                      | 10       | 20340                  | 33160                   |
|   |          | <b>304562</b>          | <b>245153</b>           |

|  |    |               |               |
|--|----|---------------|---------------|
| <b>Less: Current Liabilities &amp; Provisions</b>  |    |               |               |
| Current Liabilities  | 11 | 62781         | 67137         |
| Provisions   | 12 | 8009          | 8712          |
|  |    | <b>70790</b>  | <b>75849</b>  |
| <b>Net Current Assets</b>  |    | <b>233772</b> | <b>169304</b> |
| <b>Total</b>   |    | <b>368461</b> | <b>302967</b> |
| Significant Accounting Policies & Notes to Accounts forming an integral part of the Balance Sheet. | 21 |               |               |

As per our attached report of even date

**For and on behalf of the Board of Directors**  
**K S Oils Limited**

**Sd/-**  
**For Haribhakti & Co.**  
**Chartered Accountants**

**Sd/-**  
**Ramesh Chand Garg**  
**Chairman & Managing Director**

**Sd/-**  
**Davesh Agarwal**  
**Director**

**Sd/-**  
**Chetan Desai**  
**Partner**

**Sd/-**  
**Ritesh Jain**  
**Company Secretary**

**Sd/-**  
**Brijesh Bagpatia**  
**Chief Financial Officer**

Place: Morena

Date: November 29, 2011

**K. S.OILS LIMITED****Profit & Loss Account for the period ended June 30, 2011**

| ( Rs. in Lacs )                                  |          |   |  |
|--|----------|---|--|
|  | Schedule | For the<br>period<br>ended June<br>30, 2011 | For the<br>year ended<br>March 31,<br>2010 |
| <b>Income</b>                                    |          |   |  |
| <b>Sales</b>                                     | 13       |   |  |
| Gross Sales                                      |          | 560826                                      | 402960                                     |
| Less: Excise Duty                                |          | 284   | 260  |
| <b>Net Sales</b>                                 |          | <b>560542</b>                               | <b>402700</b>                              |
| Other Operating Income                           | 14       | 1950  | 2995                                       |
| Other Income                                     | 15       | 1305  | 1136                                       |
| Increase in Inventory                            | 16       | 6727  | 1690                                       |
| <b>Total (A)</b>                                 |          | <b>570524</b>                               | <b>408521</b>                              |
| <b>Expenditure</b>                               |          |   |  |
| Cost of Materials                                | 17       | 536390                                      | 336226                                     |
| Manufacturing, Administrative and Other Expenses | 18       | 25690                                       | 21814                                      |
| Personnel Expenses                               | 19       | 3651  | 2879                                       |
| Finance Cost                                     | 20       | 31175                                       | 15636                                      |
| Depreciation/Amortisation                        | 4        | 8007  | 5292                                       |
| <b>Total (B)</b>                                 |          | <b>604913</b>                               | <b>381847</b>                              |
| <b>(Loss)/Profit Before Tax (A-B)</b>            |          | <b>(34389)</b>                              | <b>26674</b>                               |
| Income Tax                                       |          | 0   | 4763                                       |
| Deferred Tax Adjustments                         |          | 633   | (530)                                      |
| MAT Credit Reversal                              |          | 406   | 0  |
| Tax for Earlier Years/Interest on Income Tax     |          | 68  | 0  |
| <b>(Loss)/Profit after Tax</b>                   |          | <b>(35496)</b>                              | <b>22441</b>                               |
| Balance brought forward                          |          | 49144                                       | 29561                                      |
| <b>Amount available for Appropriation</b>        |          | <b>13648</b>                                | <b>52002</b>                               |
| Less : Proposed Dividend                         |          | 0   | 736  |
| Less : Provision for Dividend Distribution Tax   |          | 0   | 122  |

|  |               |              |
|--|---------------|--------------|
| Less : Provision for Interest on Dividend  | 18            | 0            |
| Less : Provision for Interest on Dividend Distribution Tax   | 11            | 0            |
| Less : Transfer to General Reserves  | 0             | 2000         |
| <b>Balance carried to Balance Sheet</b>  | <b>13619</b>  | <b>49144</b> |
| <b>Basic Earning Per Share (Rs.)</b>   | <b>(8.54)</b> | <b>5.78</b>  |
| <b>Diluted Earning Per Share (Rs.)</b>   | <b>(8.54)</b> | <b>5.71</b>  |
| <b>Nominal Value per share (Re)</b>  | <b>1.00</b>   | <b>1.00</b>  |
| (Refer Note no. 21)  |               |              |
| Significant Accounting Policies & Notes to Accounts forming an integral part of the Balance Sheet. | 21            |              |

As per our attached report of even date

**For and on behalf of the Board of Directors**  
**K S Oils Limited**

**For Haribhakti & Co.**  
**Chartered Accountants**

Sd/-  
**Ramesh Chand Garg**  
**Chairman & Managing Director**

Sd/-  
**Davesh Agarwal**  
**Director**

Sd/-  
**Chetan Desai**  
**Partner**

Sd/-  
**Ritesh Jain**  
**Company Secretary**

Sd/-  
**Brijesh Bagpatia**  
**Chief Financial Officer**

Place: Morena

Date: November 29, 2011



**K.S.OILS LIMITED****Cash Flow Statement for the period ended June 30, 2011****( Rs. in Lacs )**

|  | <b>For the<br/>period<br/>ended June<br/>30, 2011</b> | <b>For the<br/>year ended<br/>March 31,<br/>2010</b> |
|--|---|--|
| <b>Cash Flow from Operating Activities</b>                                 |   |  |
| Net (Loss)/Profit for the Period/Year Before Tax                           | (34389)   | 26674  |
| Depreciation   | 8007  | 5291   |
| Interest Received  | (1172)  | (1111)   |
| Interest Cost  | 31175   | 15636  |
| Depreciation on Government Grant   | (7)   | (6)  |
| Provision for Doubtful Debts   | 137   | 392  |
| Unrealised Exchange Rate Fluctuation (Gain)                                | (78)  | (1981)   |
| Profit on Sale of Fixed Assets   | (52)  | (1)  |
| Taxes Paid   | (1529)  | (4015)   |
| <b>Adjustments</b>   |   |  |
| Decrease/(Increase) in Inventory   | 146   | (74272)  |
| (Increase) in Trade Receivable   | (72054)   | (11391)  |
| (Decrease)/Increase in Trade Payable and Provisions                        | (6312)  | 27649  |
| Decrease/(Increase) in Other Receivables & Loans & Advances                | 12856   | (20185)  |
| <b>Net Cash Flow from Operating Activities :: [A]</b>                      | <b>(63272)</b>  | <b>(37320)</b>                                       |
| <b>Cash Flow from Investing Activities</b>                                 |   |  |
| Purchase of the Fixed Assets   | (6723)  | (44865)  |
| Sale of Fixed Assets   | 71  | 2  |
| Decrease in Capital WIP  | 979   | 27482  |
| Investment In Subsidiary   | (1729)  | (11801)  |
| Share application money paid to Subsidiary pending for allotment of Shares | (395)   | 0  |
| Loan to Subsidiaries   | (258)   | (169)  |
| Interest Received  | 1172  | 1111   |
| <b>Net Cash Flow from Investing Activities :: [B]</b>                      | <b>(6883)</b>   | <b>(28240)</b>                                       |

|  |               |              |
|--|---------------|--------------|
| <b>Cash Flow from Financing Activities</b>                           |               |              |
| Proceeds from Issuance of Shares                                     | 4274          | 33011        |
| Proceeds from Borrowings (other than Term Loans)                     | 54013         | 45457        |
| Proceeds from Term Loans   | 53246         | 16059        |
| Repayment of Term Loans  | (11262)       | (6919)       |
| Dividend Paid  | (365)         | (714)        |
| Interest Paid  | (31175)       | (15636)      |
| <b>Net Cash Flow from Financing Activities :: [C]</b>                | <b>68731</b>  | <b>71258</b> |
| <b>Net (Decrease)/Increase in Cash and Cash Equivalents: [A+B+C]</b> | <b>(1424)</b> | <b>5698</b>  |
| <b>Opening Balance of Cash and Cash Equivalents</b>                  | <b>12362</b>  | <b>6664</b>  |
| <b>Closing Balance of Cash and Cash Equivalents</b>                  | <b>10938</b>  | <b>12362</b> |
| <b>Notes:</b>  |               |              |
| Cash and Cash Equivalent Includes :-                                 |               |              |
| Cash in Hand   | 180           | 199          |
| <b>Balance with scheduled Banks</b>                                  |               |              |
| In Current Accounts  | 459           | 2168         |
| In Fixed Deposit Accounts  | 10233         | 9947         |
| In Unclaimed Dividend Account  | 56            | 24           |
| <b>Balance with unscheduled Banks</b>                                | <b>10</b>     | <b>24</b>    |
|  | <b>10938</b>  | <b>12362</b> |

As per our attached report of even date

For and on behalf of the Board of Directors  
K S Oils LimitedFor Haribhakti & Co.  
Chartered AccountantsSd/-  
Ramesh Chand Garg  
Chairman & Managing DirectorSd/-  
Davesh Agarwal  
DirectorSd/-  
Chetan Desai  
Partner  
Place: MorenaSd/-  
Ritesh Jain  
Company SecretarySd/-  
Brijesh Bagpatia  
Chief Financial Officer

Date: November 29, 2011

**K.S.OILS LIMITED**

Schedules forming part of the Balance Sheet as at and the Profit and Loss Account for the period ended June 30, 2011

|  | ( Rs. in Lacs )        |                            |
|--|------------------------|----------------------------|
|  | As at June<br>30, 2011 | As at<br>March 31,<br>2010 |
| <b>Schedule 1</b>  |                        |                            |
| <b>Share Capital</b>   |                        |                            |
| <u>Authorised</u>  |                        |                            |
| Equity Share Capital   | 6000                   | 6000                       |
| 60,00,00,000 Equity Share of Re.1/- Each   |                        |                            |
| (Previous Year 60,00,00,000 equity Shares of Rs.1/- each)  | <b>6000</b>            | <b>6000</b>                |
| <u>Issued, Subscribed &amp; Paid-up</u>  | 4254                   | 4090                       |
| 425412755* Equity Shares of Re.1/- each  |                        |                            |
| (Previous Year 408951418*)   |                        |                            |
| * Includes 94000000 Bonus shares of Rs 1/- each issued during FY 06-07 by capitalisation of Security Premium & General Reserve |                        |                            |
| <b>Total</b>   | <b>4254</b>            | <b>4090</b>                |
| <b>Schedule 2</b>  |                        |                            |
| <b>Reserves &amp; Surplus</b>  |                        |                            |
| Capital Reserve  |                        |                            |
| Opening Balance  | 17                     | 17                         |
| Add: Forfeiture of Warrants  | 2450                   | 0                          |
|  | <b>2467</b>            | <b>17</b>                  |
| Less: ERF on Warrants  | 18                     | 0                          |
|  | <b>2449</b>            | <b>17</b>                  |
| Security Premium Account   |                        |                            |
| Opening Balance  | 78038                  | 52684                      |
| Add: Premium Received During the Period  | 8807                   | 25734                      |
|  | <b>86845</b>           | <b>78419</b>               |
| Less: GDR / Warrant issue expenses   | 0                      | 381                        |
|  | <b>86845</b>           | <b>78038</b>               |

|  |               |               |
|--|---------------|---------------|
| General Reserves   |               |               |
| Opening Balance  | 6578          | 4578          |
| Add: transfer from profit & loss account during the year   | 0             | 2000          |
|  | <b>6578</b>   | <b>6578</b>   |
| Balance as per Profit & Loss Account   | 13619         | 49144         |
| Foreign currency translation reserve   | 314           | 171           |
| <b>Total</b>   | <b>109805</b> | <b>133948</b> |
| <b>Schedule 3</b>  |               |               |
| <b>Secured Loans</b>   |               |               |
| <b>From Banks</b>  |               |               |
| <b>On Term Loan Account</b>  |               |               |
| Secured by first pari-passu charge on fixed assets of the company except wind turbine generators & Haldia Plant and second pari-passu charge on entire current assets of the company | 11965         | 11487         |
| Secured by first pari-passu charge on fixed assets of the company except wind turbine generators & Haldia Plant  | 39358         | 0             |
| Secured by first pari-passu charge on entire fixed assets of the company except wind turbine generators & Haldia Plant (pending creation of charge)                                  | 9446          | 0             |
| Secured by exclusive charge on Haldia Plant of the company.  | 3600          | 5850          |
| Secured by exclusive charge on wind turbine generators of the company  | 19346         | 24285         |
|  | <b>83715</b>  | <b>41622</b>  |
| Interest on term loan accrued & due  | 253           | 382           |
| <b>Working Capital Loan Account</b>  |               |               |
| Secured by first pari-passu charge on entire current assets of the company & second pari-passu charge on fixed assets of the company except wind turbine generators & Haldia Plant   | 149533        | 105728        |
| <b>Short Term Corporate Loan Account</b>   |               |               |
| Secured by first pari-passu charge on entire fixed assets of the company except wind turbine generators & Haldia Plant (pending creation of charge)                                  | 10208         | 0             |
| <b>Total</b>   | <b>243709</b> | <b>147732</b> |
| <b>Schedule 5</b>  |               |               |
| <b>Investments - Long term (unquoted in subsidiary companies)</b>  |               |               |
| K S Natural Resources Pte. Ltd. Singapore  | 21326         | 19598         |
| Current Year 6,56,79,859 (Previous Year 6,04,87,905) shares @ SGD 1/- each fully paid up   |               |               |
| <b>Total</b>   | <b>21326</b>  | <b>19598</b>  |

## K.S.OILS LIMITED

Schedules forming part of the Balance Sheet as at and the Profit and Loss Account for the period ended June 30, 2011

## SCHEDULE 4

## Fixed Assets and Depreciation/Amortisation

| Description of Assets      | Gross Block         |                                  |                                 | Depreciation/Amortisation |                     |                                  | Net Block                       |                              |                     |
|----------------------------|---------------------|----------------------------------|---------------------------------|---------------------------|---------------------|----------------------------------|---------------------------------|------------------------------|---------------------|
|                            | As on<br>01.04.2010 | Addition<br>during the<br>period | Sales dur-<br>ing the<br>period | Total as on<br>30.06.2011 | As on<br>01.04.2010 | Addition<br>during the<br>period | Sales dur-<br>ing the<br>period | Total<br>as on<br>30.06.2011 | As on<br>31.03.2010 |
| WINDMILLS                  | 41849               | 0                                | 0                               | 41849                     | 3565                | 2760                             | 0                               | 6325                         | 35524               |
| LAND FREEHOLD              | 1911                | 0                                | 11                              | 1900                      | 0                   | 0                                | 0                               | 0                            | 1900                |
| LAND LEASEHOLD             | 283                 | 0                                | 0                               | 283                       | 23                  | 15                               | 0                               | 38                           | 246                 |
| BUILDING                   | 18171               | 2024                             | 6                               | 20189                     | 1185                | 841                              | 2                               | 2024                         | 18165               |
| PLANT AND MACHINERY        | 39847               | 5839                             | *0                              | 45686                     | 4021                | 3065                             | *0                              | 7086                         | 38600               |
| ELECTRIC INSTALLATION      | 8868                | 174                              | 0                               | 9042                      | 790                 | 587                              | 0                               | 1377                         | 7665                |
| VEHICLE                    | 562                 | 40                               | 11                              | 591                       | 265                 | 102                              | 7                               | 360                          | 231                 |
| FURNITURE AND FIX-<br>TURE | 825                 | 23                               | *0                              | 848                       | 279                 | 127                              | *0                              | 406                          | 442                 |
| OFFICE EQUIPMENT           | 1520                | 47                               | *0                              | 1567                      | 609                 | 268                              | *0                              | 877                          | 690                 |
| UTILITIES                  | 3387                | 0                                | 0                               | 3387                      | 364                 | 62                               | 0                               | 426                          | 2961                |
| COMPUTER SOFTWARE          | 55                  | 155                              | 0                               | 210                       | 55                  | 155                              | 0                               | 210                          | 0                   |
| GOODWILL                   | 100                 | 0                                | 0                               | 100                       | 22                  | 25                               | 0                               | 47                           | 53                  |
| <b>GRAND TOTAL</b>         | <b>117378</b>       | <b>8302</b>                      | <b>28</b>                       | <b>125652</b>             | <b>11178</b>        | <b>8007</b>                      | <b>8</b>                        | <b>19175</b>                 | <b>106477</b>       |
| Previous Year              | 69203               | 48182                            | 7                               | 117378                    | 5893                | 5292                             | 6                               | 11178                        | 106200              |

Note: \* is Denotes Figures less than Rs 50000/-

## 1) Capital Work -In-Progress

| (Excluding advances for Capital Goods) | As at June<br>30, 2011 | As at March 31, 2010 |
|--|------------------------|----------------------|
| Building                               | 385                    | 1212                 |
| Plant and Machinery                    | 3286                   | 2120                 |
| Furniture and Fixture                  | 0                      | 0                    |
| Electric Installation                  | 5                      | 14                   |
| Computer Software                      | 0                      | 16                   |
| Railway Side                           | 0                      | 554                  |
| Miscellaneous WIP                      | 0                      | 42                   |

2) In respect of certain leasehold land, amount has been capitalised on the basis of comfort letter received from vendors

**K.S.OILS LIMITED**

Schedules forming part of the Balance Sheet as at and the Profit and Loss Account for the period ended June 30, 2011

(Rs. in Lacs)

|  | As at June<br>30, 2011 | As at March<br>31, 2010 |
|--|------------------------|-------------------------|
| <b>Schedule 6</b>  |                        |                         |
| <b>Inventories</b>   |                        |                         |
| (as taken, valued & certified by the management)   |                        |                         |
| Raw materials  | 126412                 | 133212                  |
| Work in Progress   | 744                    | 1290                    |
| Finished goods   | 40611                  | 33145                   |
| Stores & spares  | 1329                   | 856                     |
| Packing materials  | 1978                   | 3040                    |
| By-product   | 519                    | 196                     |
| Goods in Transit/ Material At Port   |                        |                         |
| <b>Total</b>   | <b>171593</b>          | <b>171739</b>           |
| <b>Schedule 7</b>  |                        |                         |
| <b>Sundry Debtors</b>  |                        |                         |
| (Unsecured & considered goods, unless otherwise stated)  |                        |                         |
| Outstanding for more than six months (Including considered doubtful Current Year Rs 528 Lacs, Previous Year Rs.391 Lacs) | 1154                   | 949                     |
| Other debts  | 94389                  | 22540                   |
|  | <b>95543</b>           | <b>23489</b>            |
| Less: provision for doubtful debts   | 528                    | 391                     |
|  | <b>95015</b>           | <b>23098</b>            |
| <b>Schedule 8</b>  |                        |                         |
| <b>Cash &amp; Bank Balances</b>  |                        |                         |
| Cash in hand   | 180                    | 199                     |
| <u>Balances with Scheduled banks</u>   |                        |                         |

|   |              |              |
|---|--------------|--------------|
| In current accounts   | 459          | 2168         |
| In fixed deposit accounts   | 10233        | 9947         |
| In unclaimed dividend account   | 56           | 24           |
| <b>Balance with Banks other than Scheduled Banks</b>                              |              |              |
| In current accounts   |              |              |
| Vyavsaik Evam Adhyogik Sahkari Bank Ltd.  | 10           | 21           |
| (Maximum balance during Current Year Rs.22.02 Lacs, Previous Year Rs.45.76 Lacs)  |              |              |
| City Bank N.A.London  | 0            | 3            |
| (Maximum balance during Current Year Rs.3.31 Lacs, Previous Year Rs.6099.65 Lacs) |              |              |
| <b>Total</b>  | <b>10938</b> | <b>12362</b> |
| <b>Schedule 9</b>   |              |              |
| <b>Other Current Assets</b>   |              |              |
| Sales tax refund receivable   | 3894         | 3076         |
| Export benefit receivable   | 195          | 146          |
| Interest receivable   | 408          | 403          |
| Other current assets  | 2179         | 1169         |
| <b>Total</b>  | <b>6676</b>  | <b>4794</b>  |
| <b>Schedule 10</b>  |              |              |
| <b>Loans &amp; Advances</b>   |              |              |
| (Unsecured & considered goods, unless otherwise stated)                           |              |              |
| Advances receivable in cash or in kind or for value to be received                | 9542         | 22642        |
| Less: provision for doubtful advances   | 15           | 15           |
|   | 9527         | 22627        |
| Loans to subsidiaries   | 2049         | 1649         |
| Advance tax   | 7685         | 6156         |
| MAT credit entitlement  | 0            | 406          |
| Input vat credit receivable   | 587          | 1896         |

|                                  |              |              |
|----------------------------------|--------------|--------------|
| Balance with excise, custom etc. | 0            | 8            |
| Other deposits / advances        | 492          | 418          |
| <b>Total</b>                     | <b>20340</b> | <b>33160</b> |

## Schedule 11

### Current Liabilities

#### Sundry Creditors:

|   |              |              |
|---|--------------|--------------|
| Total outstanding dues of micro and small enterprises   | 205          | 179          |
| Total outstanding dues of creditors other than micro and small enterprises  | 58254        | 62560        |
| Unclaimed dividend  | 56           | 24           |
| (* Amount due & outstanding to be credited to Investor Education & Protection Fund:: Current Year Rs. Nil, Previous Year Rs. Nil) |              |              |
| Unpaid dividend and dividend distribution tax   | 493          | 0            |
| Overdrawn Bank balance  | 114          | 110          |
| Security deposit from customers/CFA   | 61           | 95           |
| Advances from customers   | 1435         | 846          |
| Other liabilities   | 2163         | 3323         |
| <b>Total</b>  | <b>62781</b> | <b>67137</b> |

## Schedule 12

### Provisions

|   |             |             |
|---|-------------|-------------|
| Provision for tax                                   | 7814        | 7746        |
| Proposed dividend                                   | 0           | 736         |
| Provision for dividend distribution tax             | 0           | 122         |
| Provision for interest on dividend                  | 18          | 0           |
| Provision for interest on dividend distribution tax | 11          | 0           |
| Provision for Employee Benefits                     | 166         | 108         |
| <b>Total</b>  | <b>8009</b> | <b>8712</b> |



**K.S.OILS LIMITED**

Schedules forming part of the Balance Sheet as at and the Profit and Loss Account for the period ended June 30,2011

|   | ( Rs. in Lacs )                             |  |
|---|---|--|
|   | For the<br>period<br>ended June<br>30, 2011 | For the<br>year ended<br>March 31,<br>2010 |
| <b>Schedule 13</b>  |   |  |
| <b>Sales</b>  |   |  |
| Domestic sales (including high seas sales)  | 514252                                      | 346370                                     |
| Export sales  | 9698  | 14920                                      |
| Sales against 'H' Form  | 36876                                       | 41670                                      |
|   | <b>560826</b>                               | <b>402960</b>                              |
| Less: Excise Duty   | 284   | 260  |
| <b>Total</b>  | <b>560542</b>                               | <b>402700</b>                              |
| <b>Schedule 14</b>  |   |  |
| <b>Other Operating Income</b>   |   |  |
| Export incentive  | 346   | 226  |
| Agriculture income  | 337   | 209  |
| Miscellaneous income  | 103   | 311  |
| Government subsidy  | 1164  | 1591                                       |
| Windmill Claims   | 0   | 611  |
| Carbon Credit Income  | 0   | 47   |
| <b>Total</b>  | <b>1950</b>                                 | <b>2995</b>                                |
| <b>Schedule 15</b>  |   |  |
| <b>Other Income</b>   |   |  |
| <b>Interest received</b>  |   |  |
| From subsidiaries (withholding tax deducted at source Current Year Rs. 29.23 Lacs, Previous Year Rs.19.81 Lacs)                                     | 287   | 189  |
| From others (on banks, security deposits, income tax refund etc.) (tax deducted at source Current Year Rs.82.12 Lacs, Previous Year Rs.104.25 Lacs) | 885   | 922  |
| Profit/(loss) on Sale of Fixed Assets   | 52  | 0  |
| Miscellaneous income  | 81  | 25   |
| <b>Total</b>  | <b>1305</b>                                 | <b>1136</b>                                |

|  |                      |                      |
|--|----------------------|----------------------|
| <b>Schedule 16</b>   |                      |                      |
| <b>Increase in inventory</b>                               |                      |                      |
| <b>Closing stock</b>                                       |                      |                      |
| Finished goods   | 40611                | 33145                |
| By-products  | 519                  | 196                  |
| Packing materials  | 1978                 | 3040                 |
| <b>Total closing stock</b>                                 | <b><u>43108</u></b>  | <b><u>36381</u></b>  |
| <b>Opening stock</b>                                       |                      |                      |
| Finished goods   | 33145                | 33682                |
| By-products  | 196                  | 80                   |
| Packing materials  | 3040                 | 929                  |
| <b>Total opening stock</b>                                 | <b><u>36381</u></b>  | <b><u>34691</u></b>  |
| <b>Total increase in inventory</b>                         | <b>6727</b>          | <b>1690</b>          |
| <b>Schedule 17</b>   |                      |                      |
| <b>Cost of material</b>                                    |                      |                      |
| Material cost and inventory adjustment                     |                      |                      |
| Opening stock  | 134502               | 62075                |
| Add: Purchase (including trading goods)                    | 529044               | 408653               |
| <b>Total</b>   | <b><u>663546</u></b> | <b><u>470728</u></b> |
| Less: Closing stock  | 127156               | 134502               |
| <b>Total</b>   | <b><u>536390</u></b> | <b><u>336226</u></b> |
| <b>Schedule 18</b>   |                      |                      |
| <b>Manufacturing , administrative &amp; other expenses</b> |                      |                      |
| Power & fuel   | 4702                 | 4673                 |
| Wages  | 950                  | 727                  |
| Other manufacturing expenses                               | 1853                 | 2566                 |
| Stores & spares consumed                                   | 631                  | 613                  |
| <b>Repairs &amp; maintenance</b>                           |                      |                      |
| Plant & machinery  | 959                  | 445                  |
| Building   | 111                  | 175                  |
| Others   | 247                  | 173                  |

|  |                     |                     |
|--|---------------------|---------------------|
| Transportation, loading and unloading          | 4653                | 5673                |
| Packing materials                              | 123                 | 87                  |
| Agriculture exp.                               | 101                 | 80                  |
| Advertisement, Selling & distribution expenses | 970                 | 2485                |
| Commission on sales                            | 284                 | 374                 |
| Discount on sales                              | 62                  | 308                 |
| Provision for doubtful debts                   | 138                 | 392                 |
| Insurance                                      | 385                 | 337                 |
| Exchange rate difference                       | 899                 | (2503)              |
| Financial expenses                             | 1978                | 1171                |
| Miscellaneous expenses                         | 709                 | 744                 |
| Consultancy, legal & professional charges      | 842                 | 555                 |
| Rates, & taxes                                 | 922                 | 625                 |
| Traveling & conveyance                         | 779                 | 406                 |
| Rent   | 2207                | 1207                |
| Wind mill expenses                             | 722                 | 497                 |
| Charity & donation (Non political)             | 8                   | 13                  |
| Premium on forward cover                       | 90                  | 377                 |
| Wealth Tax                                     | 5                   | 3                   |
| Carbon Credit Expenses                         | 23                  | 56                  |
| Software Exp.                                  | 0                   | 189                 |
| Loss on commodity hedging                      | 337                 | (635)               |
| <b>Total</b>                                   | <b><u>25690</u></b> | <b><u>21814</u></b> |
| <b>Schedule 19</b>                             |                     |                     |
| <b>Personnel Expenses</b>                      |                     |                     |
| Salary, wages & bonus                          | 2995                | 2145                |
| Directors remuneration & sitting fees          | 211                 | 170                 |
| Contribution to Gratuity                       | 53                  | 107                 |
| Staff welfare expenses                         | 232                 | 234                 |
| Contribution to provident fund & others        | 115                 | 72                  |
| Others   | 45                  | 151                 |
| <b>Total</b>                                   | <b><u>3651</u></b>  | <b><u>2879</u></b>  |

| <b>Schedule 20</b>                |              |              |
|-----------------------------------|--------------|--------------|
| <b>Finance Cost</b>               |              |              |
| Interest on term loans            | 7947         | 4360         |
| Interest on working capital loans | 19703        | 9000         |
| Interest to Bank & others         | 3525         | 2276         |
| <b>Total</b>                      | <b>31175</b> | <b>15636</b> |

## Schedule 21

### Significant Accounting Policies & Notes To Accounts

#### A. Significant Accounting Policies

##### 1. Basis of Accounting

The financial statements have been prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (“GAAP”) and comply with the mandatory accounting standards (“AS”) as notified by the Companies Accounting Standards (Rules), 2006 to the extent applicable and with the relevant provisions of the Companies Act, 1956.

##### 2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenues and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognized in the period in which results are known / materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

##### 3. Revenue Recognition

- a) Revenue from sale of goods is recognized when significant risk and rewards in respect of ownership of products are transferred to customers.

- b) Export entitlements under the Duty Entitlement Pass Book (“DEPB”) scheme and Other Schemes are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### **4. Inventories**

- a) Inventories are valued at lower of cost or net realizable value on FIFO basis.
- b) Work in Progress is valued at lower of cost of raw Material or Net Realisable Value.
- c) Inventories comprises of Raw Material, Stores, Spares & Consumables, Work In Progress and Finished Goods.
- d) Cost of inventories comprises of cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

#### **5. Agricultural Activity**

- a) Biological Assets (Living plants of Mustard, Soya or Jatropha)
  - i.) All costs related to biological assets are recognized as an expense, as and when they are incurred.
  - ii.) Biological assets are recognized at net realizable value only when the future economic benefits associated with the assets will flow to the Company.
- b) Agricultural Produce (harvested products from biological asset) is recognized at net realizable value.

#### **6. Commodity Hedging (Derivatives)**

Pursuant to announcement on accounting for the derivatives issued by the Institute of Chartered Accountants of India (ICAI), in accordance with the principles of prudence as enunciated in Accounting Standard-1 (AS-1), “Disclosure of Accounting policies”, the Company provide for losses in respect of all outstanding derivatives contracts at the balance sheet date by marking them to mark to market. Any net unrealized gains arising on such Mark to Market are not recognized as income.

## **7. Certified Emission Reductions**

- a) Self generated certified emission reductions ( C.E.R- also known as carbon credit ) expected to accrue to the Company as a result of windmills are recognized as a part of inventory, when it is certified by United Nations Framework Convention on Climate Change (UNFCCC) and the future economic benefits associated with such CER's will flow to the company.
- b) Incidental expenses are charged to profit and loss account.

## **8. Fixed Assets**

### **a) Tangible Assets**

- i.) Tangible assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to acquisition or construction of fixed assets which takes substantial period of time to get ready for their intended use is capitalized.
- ii.) Advances paid towards the acquisition of the fixed assets outstanding at each balance sheet date are disclosed under capital work in progress.

### **b) Intangible Assets are recorded at the consideration paid for the acquisition.**

## **9. Depreciation/Amortization**

### **a) Depreciation:**

- i.) Depreciation has been charged on SLM basis for:
  1. Windmills.
  2. Plant assets (except for oil and refinery plant located at Morena)
- ii.) For all other assets depreciation is provided on WDV basis.
- iii.) Depreciation is provided at the rates and in the manner specified under schedule XIV of the Companies Act, 1956.

iv.) Depreciation is calculated on a pro-rata basis from the date of installation / acquisition till the date the assets are sold or disposed.

v.) Individual assets costing less than Rs 5,000 are depreciated fully in the year of acquisition.

**b) Amortization:**

i.) Leasehold assets are amortized over the period of lease.

ii.) Intangible assets are amortized over their estimated useful lives on straight line basis, commencing from the date the asset is available to the Company for its use.

iii.) Goodwill arising in the course of acquisition is amortized over a period of five years.

iv.) Software is fully amortized in the year of capitalization.

**10. Foreign Currency Transactions**

a) Foreign exchange transactions are recorded at the closing rates prevailing on the date of the respective transactions. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the profit and loss account.

b) Monetary assets and liabilities denominated in foreign currencies are converted at the closing rates as on Balance Sheet date. The resultant exchange difference is recognized in the profit and loss account.

c) Exchange rate differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the company's financial statements until the disposal of the net investment.

d) Non monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction.

e) In respect of transactions covered by forward exchange contracts, the difference between the year end closing rate and rate prevailing on the date of contract is recognized as exchange difference and the premium paid on forward contract is recognized over the life of the contract.

## 11. Operating Leases

Lease payments under operating leases have been recognized as an expense in the profit and loss account on a straight line basis over the lease term.

## 12. Employee Benefits

### a) Short term Employee Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered.

### b) Post Employment Benefits

Contribution to Provident Fund and Gratuity Fund are charged against revenue. Gratuity liability is paid to the Life Insurance Corporation of India through a Trust created for the purpose under Group Gratuity Scheme. The Premium paid/payable is being charged to Profit and Loss Account on accrual basis.

### c) Other Long Term Employees Benefits

Company's liability towards earned leave is determined by an independent actuary using Projected Unit Credit Method. Past services are recognized on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized immediately in the profit and loss account as income or expenses. Obligation is measured at the present value of the estimated future cash flows using a discounted rate that is determined by reference to the market yields at the balance sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

## 13. Investments

Long-term investments are carried at cost less any other than temporary diminution in value. Current investments are carried at the lower of cost or fair value.

## 14. Taxation

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the period.

### a) Current Tax

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company.



**b) Minimum Alternate Tax [ MAT]:**

In case the Company is liable to pay income tax u/s 115JB of income tax Act,1961 (i.e. MAT), the amount of tax paid in excess of normal income tax is recognized as an asset (MAT Credit Entitlement) only if there is convincing evidence for realization of such asset during the specified period. MAT credit entitlement is reviewed at each balance sheet date.

**c) Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.

**15. Government Grant****a) Capital Grant**

Government grant related to specific fixed assets which are depreciable are treated as deferred income which is recognized in the profit and loss statement on systematic and rational basis over the useful life of the respective asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged.

**b) Revenue Grant**

Revenue grant related to specific tax exemptions is recognized in the Profit and Loss Account on a systematic and rational basis in the year in which it accrues.

**16. Borrowing Cost**

Borrowing cost attributable to acquisition or construction of a qualifying asset is capitalized as part of the cost of asset up to the date such asset is ready for its intended use. Other borrowing costs are charged to profit and loss account in the year in which they are incurred.

**17. Employee Stock Option**

Employee Compensation Cost, if any, arising on account of option granted to employees is recognized in the financial statements. It is the difference between the intrinsic value and exercise price of options.

## 18. Impairment of Assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the cash generating unit to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## 19. Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and reliable estimates can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed.

## B. Notes To Accounts

### 1. Commitments and Contingent Liabilities

| Particulars  | AS AT<br>June 30, 2011<br>(Rs. in Lacs) | AS AT<br>March 31, 2010<br>(Rs. in Lacs) |
|--|---|--|
| (I). Claims against the Company not acknowledged as debts in respect of  |   |  |
| (a) Excise & custom duty matters under dispute*  | 52                                      | 48                                       |
| (b) Commercial Taxes matter under dispute*   | 114                                     | 237                                      |
| (c) Income Tax   | 20                                      | 19                                       |
| (II). Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) | 1913                                    | 3695                                     |
| (III) Bank Guarantee   | 139                                     | 1513                                     |
| (IV) Export Promotion against Capital Goods.   | 276                                     | 283                                      |

#### Note:

Amounts aggregating Rs. 47 Lacs and Rs. 52 Lacs are deposited as appeal advance as on June 30, 2011 and March 31, 2010 respectively against Excise & Custom matters and Sales tax matters.

## Search Operation

Search Operation was conducted by Income Tax Department on Company and promoters on March 11, 2010 and various documents and materials were seized by the Department during the search proceedings. Regular follow-up and correspondence is being done with the Department for completion of assessments, time barring date for the assessments being December 31, 2011. Liability, if any, arising on this account is not ascertainable.

## 2. Fixed Deposits Under Lien

| Particulars   | AS AT<br>June 30, 2011<br>(Rs. in Lacs) | AS AT<br>March 31, 2010<br>(Rs. in Lacs) |
|---|---|--|
| Fixed deposits under lien with bank for Bank Guarantees, Letter of Credit & Others. | 10222                                   | 9947                                     |

## 3. Preferential Issues of Equity Shares and Warrants

- a) In order to meet the fund requirement of the Company for its (i) Expansion of refinery in India along with other allied expenditure (ii) Investment in its overseas subsidiaries for development of Greenfield palm plantations and acquisition of mature palm plantations and / or CPO mills, all in Indonesia, the Company has come out with preferential allotment of Equity Shares and Warrants to the promoters & other foreign Investors in July, 2009 at an issue price calculated under SEBI (DIP) Guidelines, 2000 on preferential basis duly approved by Shareholders and Board of Directors of the Company.
- b) During the year Company has converted 1,64,61,337 Promoters Convertible Warrants in to Equity Shares at Rs. 54.50 each (Including Premium of Rs. 53.50 each) after receiving Rs. 4274 Lacs towards balance of issue price. As a result, Paid up Share Capital and Securities Premium Account stands increased by Rs. 165 Lacs and Rs 8807 Lacs respectively.
- c) The Company had allotted 86,72,566 Convertible Warrants on 5th September, 2009 to Baring Private Equity Asia III Mauritius Holdings (3) Limited, 55,59,115 Warrants to CVCIGP II Client Rosehill Limited and 31,13,451 Warrants CVCIGP II Employee Rosehill Limited at a price of Rs. 56.50 per Warrant (including premium of Rs. 55.50 for each Warrant) and received 25% money at the time of issue of such Warrants, which has been forfeited on 07th March 2011 by the Company due to non-payment of balance 75% of the issue price till due date of Conversion of such warrant in to Equity Shares. Accordingly an amount of Rs. 2450 Lacs has been credited to Capital Reserve.

- d) The entire proceeds received towards the warrants have been utilized for the purpose of expansion of refinery in India along with other allied expenditure and for investment in its subsidiaries, except Rs.5065 Lacs (Previous year : Rs.7537.17 lacs), which were lying as Fixed Deposit with banks at the year end.

#### **4. Agricultural Activity**

During the Financial Year 2008-2009, Government of Madhya Pradesh has allotted a land admeasuring 2,000 hectares to the Company on a license basis for no consideration, for carrying out the agricultural activity for a period of two years; consequently this has not been recognized as a grant. The license is under renewal.

5. The Company has sent requests for confirmation of balances to sundry debtors and creditors. A large number of such confirmations have been obtained. Balance Confirmations are being obtained. The management expects full recovery from all such debtors.

6. Though the quantity of production has increased as compared with those for the preceding year, the increase in relevant expenses is not in the same proportion. This was mainly on account of plant efficiency and cost control measures. Further, there have been fluctuations in average realisation of sales price during these quarters. This was on account of market conditions and quality of goods.

7. Company has made an application to the Corporate Debt Restructuring (CDR) cell on September 19, 2011 for restructuring of its borrowings from Banks and Financial Institutions. The matter is in process with bankers and CDR cell.

8. The financial year of the Company has been extended to period of fifteen months ending June 30, 2011 as per approval of the board in the meeting held on September 26, 2011. In view of this, the statutory auditors could not observe the physical verification of inventory conducted by the management of the Company along with an independent Firm of chartered accountants appointed by the Company. As per report of such chartered accountants, no material discrepancies were noted between the physical verification & book records. The inventory in the financial statements is in agreement with such report. Further, physical verification exercise has also been carried out by the Stock Auditors appointed by lead bankers, who have also reviewed the position of Sundry Debtors. Report of Stock Auditors is awaited. The management expects that there would be no material discrepancies between the position of inventory & debtors in the financial statements & as per the report of the Stock Auditors.

## 9. Derivatives

### a) Derivative Instruments

The following are the outstanding hedge contracts:

#### i. Forward Contracts

The yearend foreign currency exposures that have been hedged by derivative instruments or otherwise are given below:

| Particulars   | Currency | As at June 30, 2011        |              | As at March 31, 2010       |              |
|---------------|----------|----------------------------|--------------|----------------------------|--------------|
|               |          | Amount in Foreign Currency | (Rs in Lacs) | Amount in Foreign Currency | (Rs in Lacs) |
| Loans Payable | USD      | NIL                        | NIL          | 25700000                   | 11601        |

b) The yearend foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

#### i.) Amount receivable in foreign currency on account of the following:

| Particulars                       | Currency | As at June 30, 2011        |              | As at March 31, 2010       |              |
|-----------------------------------|----------|----------------------------|--------------|----------------------------|--------------|
|                                   |          | Amount in Foreign Currency | (Rs in Lacs) | Amount in Foreign Currency | (Rs in Lacs) |
| Export of goods                   | USD      | 252060                     | 113          | 1735446                    | 789          |
| Loan receivable from subsidiaries | MYR      | 13704885                   | 2049         | 11951281                   | 1649         |
| Other Loan Receivables            | MYR      | 242700                     | 36           | 242700                     | 33           |

#### ii.) Amount payable in foreign currency on account of the following:

| Particulars                 | Currency | As at June 30, 2011        |              | As at March 31, 2010       |              |
|-----------------------------|----------|----------------------------|--------------|----------------------------|--------------|
|                             |          | Amount in Foreign Currency | (Rs in Lacs) | Amount in Foreign Currency | (Rs in Lacs) |
| Import of Goods and Service | USD      | 18903327                   | 8454         | 79068064                   | 35759        |
| Capital Goods Imports       | EURO     | Nil                        | Nil          | 826200                     | 579          |
|                             | USD      | Nil                        | Nil          | 1056110                    | 501          |
| Interest Payable            | USD      | 232240                     | 104          | 552783                     | 250          |
|                             | EURO     | Nil                        | Nil          | 17599                      | 12           |
| Loans Payable               | USD      | 5231250                    | 2339         | 30108068                   | 13591        |

## iii.) Bank Balances:

| Particulars   | Currency | As at June 30, 2011        |              | As at March 31, 2010       |              |
|---------------|----------|----------------------------|--------------|----------------------------|--------------|
|               |          | Amount in Foreign Currency | (Rs in Lacs) | Amount in Foreign Currency | (Rs in Lacs) |
| Bank Balances | USD      | (136)                      | (@)          | 7346                       | 3            |

@ denotes amount less than Rs. 50,000

## 10. Employee Stock Option Scheme

a) During the year, the Company has not granted any Employee Stock Options to employees of the Company. (Till March 2010 the Company had granted 81,00,000 option to Employees)

b) Method of accounting of ESOS –

The Company has adopted intrinsic value method in accounting for employee cost on account of ESOS. For 57,50,000 Options the intrinsic value of the shares based on closing market price of BSE / NSE as on 19th October, 2007 was Rs.72.95 & Rs.72.15 respectively & the exercise price fixed by the compensation committee of the Company was Rs.42.00 & For 17,75,000 Options, the intrinsic value of the shares based on closing market price of BSE / NSE as on 24th October, 2008 was Rs.40.30 & Rs.40.10 respectively & the exercise price fixed by the compensation committee of the Company was Rs.42.00, And for 5,75,000 Options the intrinsic value of the shares based closing market price of BSE / NSE as on 14th November, 2008 was Rs.39.55 & Rs. 39.45 respectively & the exercise price was fixed by the compensation committee of the Company was Rs.42.00/- The difference between the intrinsic value & the exercise price is being amortized as employee compensation cost over the vesting period. The total amount to be amortized over the vesting period is Nil. Accordingly, the Company has not taken any impact in profit & loss account towards Employee Compensation cost.

c) Salient Features:

Options have been granted under the schemes as follows:

| Particulars                                | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|--|------------------------|------------------------|
| Outstanding at the beginning of the year   | 44,00,000              | 44, 00,000             |
| Options Granted during the year            | NIL                    | NIL                    |
| Lapsed during the year                     | 30,07,500              | 8,00,000               |
| Options vested & exercised during the year | NIL                    | NIL                    |
| Outstanding at the end of the year         | 44,00,000              | 44, 00,000             |

d) Certain Disclosures in respect of the scheme are as under:

i.) As the options are granted using the Face value, no employee compensation cost will arise.

ii.) Weighted Average exercise price of Options granted whose:

|   |   | 22nd<br>October, 2007 | 25th<br>October, 2008 | 15th<br>November, 2008 |
|---|---|-----------------------|-----------------------|------------------------|
| A | Exercise Price equals the Market Price      | NA                    | NA                    | NA                     |
| B | Exercise Price is greater than Market Price | 75.00                 | 42.00                 | 42.00                  |
| C | Exercise Price is less than Market Price    | NA                    | NA                    | NA                     |

Weighted Average fair value of Options granted whose:

|   |   | 22nd<br>October, 2007 | 25th<br>October, 2008 | 15th<br>November, 2008 |
|---|---|-----------------------|-----------------------|------------------------|
| A | Exercise Price equals the Market Price      | NA                    | NA                    | NA                     |
| B | Exercise Price is greater than Market Price | 40.27                 | 29.06                 | 28.49                  |
| C | Exercise Price is less than Market Price    | NA                    | NA                    | NA                     |

iii.) Method and Assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

| Variables  | Date of Grant-22nd October, 2007 |                          |                          |                          |                          |
|--|----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Vest-1                           | Vest-2                   | Vest-3                   | Vest-4                   | Vest-5                   |
|  | 21st<br>October,<br>2008         | 21st<br>October,<br>2009 | 21st<br>October,<br>2010 | 21st<br>October,<br>2011 | 21st<br>October,<br>2012 |
| No. of Shares  | 5,75,000                         | 5,75,000                 | 11,50,000                | 17,25,000                | 17,25,000                |
| 1. Risk Free Interest Rate   | 7.79%                            | 7.83%                    | 7.88%                    | 7.95%                    | 49.50%                   |
| 2. Expected Life (Years )  | 3.50                             | 4.50                     | 5.50                     | 6.50                     | 7.51                     |
| 3. Expected Volatility   | 51%                              | 52%                      | 51%                      | 50%                      | 49%                      |
| 4. Dividend Yield  | 0.50%                            | 0.50%                    | 0.50%                    | 0.50%                    | 0.50%                    |
| 5. Price of the underlying share in market at the time of option granted | 73.00                            | 73.00                    | 73.00                    | 73.00                    | 73.00                    |

| Variables     | Date of Grant-25th October, 2008 |                                      |                          |                          |                          |
|---------------|----------------------------------|--------------------------------------|--------------------------|--------------------------|--------------------------|
|               | Vest-1                           | Vest-2                               | Vest-3                   | Vest-4                   | Vest-5                   |
|               | 24th<br>October,<br>2009         | 24 <sup>th</sup><br>October,<br>2010 | 24th<br>October,<br>2011 | 24th<br>October,<br>2012 | 24th<br>October,<br>2013 |
| No. of Shares | 1,77,500                         | 1,77,500                             | 3,55,000                 | 5,32,500                 | 5,32,500                 |

|  |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|
| 1. Risk Free Interest Rate   | 7.31% | 7.35% | 7.40% | 7.44% | 7.49% |
| 2. Expected Life (Years )  | 3.50  | 4.50  | 5.50  | 6.50  | 7.51  |
| 3. Expected Volatility   | 99%   | 92%   | 87%   | 82%   | 77%   |
| 4. Dividend Yield  | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| 5. Price of the underlying share in market at the time of option granted | 40.10 | 40.10 | 40.10 | 40.10 | 40.10 |

| Variables  | Date of Grant-15th November, 2008 |                           |                           |                                       |                                       |
|--|-----------------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------------------|
|  | Vest-1                            | Vest-2                    | Vest-3                    | Vest-4                                | Vest-5                                |
|  | 14th<br>November,<br>2009         | 14th<br>November,<br>2010 | 14th<br>November,<br>2011 | 14 <sup>th</sup><br>November,<br>2012 | 14 <sup>th</sup><br>November,<br>2013 |
| No. of Shares  | 57,500                            | 57,500                    | 1,15,000                  | 1,72,500                              | 1,72,500                              |
| 1. Risk Free Interest Rate   | 7.02%                             | 7.09%                     | 7.15%                     | 7.22%                                 | 7.28%                                 |
| 2. Expected Life (Years )  | 3.50                              | 4.50                      | 5.50                      | 6.50                                  | 7.51                                  |
| 3. Expected Volatility   | 99%                               | 92%                       | 87%                       | 82%                                   | 78%                                   |
| 4. Dividend Yield  | 0.50%                             | 0.50%                     | 0.50%                     | 0.50%                                 | 0.50%                                 |
| 5. Price of the underlying share in market at the time of option granted | 39.45                             | 39.45                     | 39.45                     | 39.45                                 | 39.45                                 |

## 11. Particulars of Managerial Remuneration

| Particulars                               | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|---|---|---|
| Salary                                    | 202                                     | 162                                     |
| Employer's contribution to provident fund | @                                       | @                                       |
| Medical expenses                          | 2                                       | 1                                       |
| Director insurance expenses               | 6                                       | 4                                       |
| Director's Sitting fees                   | 5                                       | 4                                       |

@ denotes amount less than Rs. 50,000.

- a) This above amount does not include the provision of gratuity for directors, as the same is provided as per the contribution amount determined by the Life Insurance Corporation of India.
- b) The remuneration aggregating to Rs. 96 Lacs paid to managerial personnel for the fifteen month period ended June 2011, is in excess of the limits under Schedule XIII of the Companies Act, 1956 in the absence of profits. The Company is in the process of applying to the Central Government for taking approval in this regard.



**12. Auditors Remuneration**

| Particulars  | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|--|---|---|
| Audit fees (Including Limited Review and Consolidation fees) | 50                                      | 37                                      |
| Certification work   | 2                                       | @                                       |
| Reimbursement of expenses                                    | @                                       | @                                       |
| Service Tax on fees and Certification                        | 5                                       | 4                                       |

@ denotes amount less than Rs. 50,000.

**13. Loans and Advances to Subsidiary and Companies Under the Same Management**

| Name Of Company     | Maximum Outstanding during 2010-11<br>(15 Months)<br>(Rs. in Lacs ) | Maximum Outstanding during 2009-10<br>(12 Months)<br>(Rs. in Lacs ) | Balance As at June 30, 2011<br>(Rs. in Lacs) | Balance as at March 31, 2010<br>(Rs. in Lacs) |
|---------------------|---|---|--|---|
| K. S. Oils SDN. BHD | 2049  | 1649  | 2049   | 1649  |

**14. Borrowing Cost**

| Particulars                                | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|--|---|---|
| Borrowing cost capitalized during the year | Nil                                     | 310                                     |

**15. Government Grants:****a) Non Monetary:**

| Particulars  | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|--|---|---|
| Depreciation on assets funded by Government Grants | 7                                       | 6                                       |
| Income recognized from Government Grants           | 7                                       | 6                                       |

**b) Monetary:**

| Particulars                              | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|--|---|---|
| Income recognized from Government Grants | 1157                                    | 1585                                    |

## 16. Employee Benefit Plans

The Company has classified various employee benefits as under:

### a) Defined Contribution Plan:

|   | 2010-11<br>(15 Months)<br>(Rs in Lacs) | 2009-10<br>(12 Months)<br>(Rs in Lacs) |
|---|--|--|
| (i) Provident Fund                                    | 102                                    | 74                                     |
| (ii) State defined contribution plans                 |  |  |
| Employers' Contribution to Employees' State Insurance | 14                                     | 7                                      |

### b) Defined Benefit Plan:

1. Gratuity (Funded)
2. Leave Encashment (Non funded)

In terms of the guidance on implementing the revised AS 15, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, the Gratuity trust set up by the Company is treated as defined benefit plan since the Company has to meet the shortfall, if any. However, at the year end, no shortfall remains unprovided for.

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the Company's policy.

Valuations in respect of Gratuity and Leave encashment, as at the Balance Sheet date, based on the following assumptions:

i) The disclosures of Gratuity are as under:

|   | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|---|------------------------|------------------------|
| <b>1. Assumptions</b>   |                        |                        |
| Discount Rate   | 8%                     | 8%                     |
| Salary Escalation ( For 12 Months )                             | 8%                     | 7%                     |
| Salary Escalation ( For 3 Months )                              | 6%                     | -                      |
| <b>2. Table showing changes in present value of obligations</b> |                        |                        |
| Present value of obligations as at beginning of year            | 1,22,66,020            | 49,71,283              |

|   |             |             |
|---|-------------|-------------|
| Interest cost   | 13,53,971   | 3,97,703    |
| Current service cost  | 68,64,070   | 30,82,496   |
| Benefits paid   | (4,79,274)  | (1,23,660)  |
| Actuarial (gain)/loss on obligations  | (73,71,845) | 25,45,205   |
| Present value of obligations as at end of year  | 1,26,32,942 | 1,08,73,027 |
| <b>3. Table showing changes in the fair value of plan assets</b>  |             |             |
| Fair value plan assets at beginning of year   | 1,29,04,988 | 90,93,875   |
| Expected return on plan assets  | 14,33,436   | 8,25,832    |
| Contributions   | 1,02,286    | 31,08,941   |
| Benefits paid   | (4,79,274)  | (123660)    |
| Actuarial (gain)/loss on obligations  | (42774)     | Nil         |
| Fair value of plan assets at the end of year  | 1,40,04,210 | 1,29,04,988 |
| <b>4. Table showing fair value of plan assets</b>   |             |             |
| Fair value plan assets at beginning of year   | 1,29,04,988 | 90,93,875   |
| Actual return on plan assets  | 14,33,436   | 8,25,832    |
| Contributions   | 1,02,286    | 31,08,941   |
| Benefits paid   | (4,79,274)  | (123660)    |
| Fair value of plan assets at the end of year  | 1,40,04,210 | 1,29,04,988 |
| Funded status   | 13,71,268   | 20,31,961   |
| Excess of actual over estimated return on plan assets<br>(Actual rate of return =Estimated rate of return as ARD falls on 31st<br>March.) | Nil         | Nil         |
| <b>5. Actuarial Gain/Loss recognized</b>  |             |             |
| Actuarial gain/(loss) for the year –Obligations   | 73,71,945   | (25,45,205) |
| Actuarial (gain)/loss for the year –plan assets   | (42774)     | Nil         |
| Total (gain)/loss for the year  | (74,14,619) | 25,45,205   |
| Actuarial (gain)/loss recognized in the year  | (74,14,619) | 25,45,205   |
| <b>6. The amounts to be recognized in the balance sheet and statements of profit and loss</b>   |             |             |
| Present value of obligations as at the end of year  | 1,26,32,942 | 1,08,73,027 |

|   |             |             |
|---|-------------|-------------|
| Fair value of plan assets as at the end of the year           | 1,40,04,210 | 1,29,04,988 |
| Funded status   | 35,75,507   | 20,31,961   |
| Net assets (liability) recognized in balance sheet            | 63,18,043   | (20,31,961) |
| <b>7. Expenses recognized in statement of profit and loss</b> |             |             |
| Current service cost  | 68,64,070   | 30,82,496   |
| Interest cost   | 13,53,971   | 3,97,703    |
| Expected return on plan assets                                | (14,33,436) | (8,25,832)  |
| Net actuarial (gain)/loss recognized in the year              | (74,14,619) | 25,45,205   |
| Expenses recognized in statement of profit and loss           | (6,30,014)  | 51,99,572   |

- ii) Valuation of liability for Leave encashment has been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

| Particulars   | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|---|------------------------|------------------------|
| a. Discount Rate (Per annum)  | 8%                     | 8%                     |
| b. Rate of increase in Compensation levels                            | 5%                     | 5%                     |
| c. Rate of Return on Plan Assets                                      | Nil                    | Nil                    |
| d. Expected Avg. remaining working lives of employees in no. of Years | 23                     | 25                     |

1) Changes in present Value of Obligation

|  | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|--|------------------------|------------------------|
| a. Present value of Obligation as at beginning of the Year | 35,80,176              | 14,67,154              |
| b. Interest Cost   | 3,75,473               | 1,17,372               |
| c. Past Service Cost                                       | 0                      | 0                      |
| d. Current Service Cost                                    | 25,03,372              | 24,72,922              |
| e. Contributions by Plan participants                      | 0                      | 0                      |
| f. Curtailment Cost/(Credit)                               | 0                      | 0                      |
| g. Settlement Cost/(Credit)                                | 0                      | 0                      |
| h. Benefits Paid   | 0                      | 0                      |
| i. Actuarial(Gains)/Loss                                   | (18,55,198)            | (4,77,272)             |
| j. Present value of Obligation as at the end of the year   | 46,03,823              | 35,80,176              |

2) Amounts recognized in the Balance Sheet

|  | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|--|------------------------|------------------------|
| a. Present Value of Obligation as at the end of the year | 46,03,823              | 35,80,176              |
| b. Fair value of Plan Assets as at the end of the year   | NA                     | NA                     |
| c. (Asset)/ Liability recognized in the Balance Sheet    | 46,03,823              | 35,80,176              |

## 3) Expenses recognized in the Profit and Loss Account

|   | <b>2010-11<br/>(15 Months)</b> | <b>2009-10<br/>(12 Months)</b> |
|---|--------------------------------|--------------------------------|
| a. Current Service Cost                                     | 25,03,372                      | 24,72,922                      |
| b. Past Service Cost  | 0                              | 0                              |
| c. Interest Cost  | 3,75,473                       | 1,17,372                       |
| d. Expected Return on Plan Assets                           | 0                              | 0                              |
| e. Curtailment Cost/(Credit)                                | 0                              | 0                              |
| f. Settlement Cost/(Credit)                                 | 0                              | 0                              |
| g. Net Actuarial(Gain)/Loss                                 | (18,55,198)                    | (4,77,272)                     |
| h. Employees' Contribution                                  | 0                              | 0                              |
| i. Total Expenses recognized in the Profit and Loss Account | 8,72,797                       | 21,13,022                      |

Note: As Company does not have Plan Assets for leave encashment policy; disclosures pertaining to plan assets are not shown.

## 17. Related Party Disclosures

a) Transactions with Related Parties as specified under Accounting Standard-18 issued by the Institute of Chartered Accountants of India-

|   |   |
|---|---|
| <b>Subsidiary</b>   | K.S. Natural Resources Pte Ltd.   |
| <b>Fellow Subsidiaries</b>  | K.S.Oils SDN.BHD<br>K.S.Agri Resources Pte Ltd.<br>PT Buana Mega Sentosa Plantation.<br>PT Mega Artha Peresada<br>PT Biodiesel Jambi<br>PT Tunas Bersusun Abadi<br>PT Luvang Urip |
| <b>Enterprises over which Key Managerial Personnel exercises significant influence.</b> | K.S.Food Products<br>K.S Enterprises<br>Ramesh Chand Sourabh Kumar HUF<br>Sourabh Garg HUF<br>Neil Education Pvt. Ltd.<br>Garg Family Trust                                       |

| <b>Other Related parties with whom transactions have taken place during the year</b> |   |
|--|---|
|  | K.S.Warehousing Corporation                                 |
| <b>Key Managerial Personnel on the Board</b>   |   |
| Mr.Ramesh Chand Garg   | Chairman and Managing Director w.e.f. Sept. 26, 2011) (CMD) |
| Mr.Sanjay Agarwal  | Managing Director (Till July 23, 2011)                      |
| Mr. Sourabh Garg   | Director (Whole Time Director till Sept. 12, 2011)          |
| Mr. R. Ganesh  | Whole time Director ( Till June 27, 2011 )                  |
| <b>Relatives of Key Managerial Personnel</b>   |   |
| Mrs.Sheela Devi Garg   | Spouse of the Chairman                                      |
| Mrs.Meeta Garg   | Spouse of Director (Mr. Sourabh Garg)                       |
| Mr.Shyam Kumar Garg  | Brother of CMD  |
| Mr.Om Prakash Garg   | Brother of CMD  |
| Mr.Mohan Lal Garg  | Brother of CMD  |

**b) Particulars of Related Party Transactions**

| <b>Particulars</b>                            | <b>Volume of Transaction during 1-4-10 to 30-6-11</b> | <b>Volume of Transaction during 1-4-09 to 31-3-10</b> | <b>AS AT June 30, 2011 O/S Receivable</b> | <b>AS AT March 31, 2010 O/S Receivable</b> | <b>AS AT June 30, 2011 O/S Payable</b> | <b>AS AT March 31, 2010 O/S Payable</b> |
|---|---|---|---|--|--|---|
| <b>Loan Given/(Received Back) -Net Of ERF</b> |   |   |   |  |  |   |
| <b>Subsidiaries</b>                           |   |   |   |  |  |   |
| K.S. Oils SDN. BHD                            | 142   | (56)  | 1469                                      | 1327                                       |  |   |
| <b>Investment</b>                             |   |   |   |  |  |   |
| K.S Natural Resources Pte. Ltd                | 2124  | 11801   | 21722                                     | 19598                                      |  |   |
| <b>Interest Income From Subsidiary</b>        |   |   |   |  |  |   |
| K.S. Oils SDN. BHD (Net of Withholding Tax)   | 258   | 169   | 580                                       | 322  |  |   |
| <b>Amount due to Subsidiaries</b>             |   |   |   |  |  |   |

|   |     |       |  |  |     |  |
|---|-----|-------|--|--|-----|--|
| K.S Natural Resources Pte. Ltd              | 2   |       |  |  | 2   |  |
| <b>Purchases</b>                            |     |       |  |  |     |  |
| K.S Natural Resources Pte. Ltd              | NIL | 13154 |  |  |     |  |
| <b>Interest On Purchase Transactions</b>    |     |       |  |  |     |  |
| K.S Natural Resources Pte. Ltd              | NIL | 9     |  |  |     |  |
| <b>Remuneration</b>                         |     |       |  |  |     |  |
| <b>Key Management Personnel</b>             |     |       |  |  |     |  |
| Ramesh Chand Garg                           | 60  | 48    |  |  | 4   |  |
| Sanjay Agarwal                              | 53  | 42    |  |  | Nil |  |
| Sourabh Garg                                | 45  | 36    |  |  | Nil |  |
| R. Ganesh                                   | 45  | 36    |  |  | 1   |  |
| <b>Dividend</b>                             |     |       |  |  |     |  |
| <b>Key Management Personnel</b>             |     |       |  |  |     |  |
| Ramesh Chand Garg                           | 108 | 108   |  |  | 108 |  |
| Sourabh Garg                                | 26  | 26    |  |  | 26  |  |
| <b>Relative of Key Management Personnel</b> |     |       |  |  |     |  |
| Meeta Garg                                  | 38  | 26    |  |  | 38  |  |
| Sheela Devi Garg                            | 50  | 41    |  |  | 50  |  |
| Shyam Kumar Garg                            | @   | @     |  |  |     |  |
| Om Prakash Garg                             | @   | @     |  |  |     |  |
| Mohan Lal Garg                              | @   | @     |  |  |     |  |
| <b>Other Related Parties</b>                |     |       |  |  |     |  |
| Ramesh Chand Sourabh Kumar HUF              | 30  | 31    |  |  | 30  |  |

|   |      |      |     |      |    |    |
|---|------|------|-----|------|----|----|
| Sourabh Garg HUF  | 5    | 5    |     |      | 5  |    |
| <b>Amount Received against Convertible Share Warrants</b> |      |      |     |      |    |    |
| <b>Relative of Key Management Personnel</b>               |      |      |     |      |    |    |
| Smt. Sheela Devi Garg                                     | 904  | 5636 | NIL | 2832 |    |    |
| Smt. Meeta Garg   | 3369 | 5791 | NIL | 1865 |    |    |
| <b>Rent Paid</b>  |      |      |     |      |    |    |
| <b>Key Management Personnel</b>                           |      |      |     |      |    |    |
| Ramesh Chand Garg   | 65   | 47   |     |      | 22 | 18 |
| <b>Relative of Key Management Personnel</b>               |      |      |     |      |    |    |
| Smt. Meeta Garg   | 5    | 5    |     |      |    |    |
| Smt. Sheela Devi Garg                                     | 12   | 6    |     | 1    | 6  |    |
| <b>Other Related Parties</b>                              |      |      |     |      |    |    |
| K.S. Enterprises  | 11   | 20   |     |      | 10 | 2  |
| K.S. Food Products  | 11   | 11   |     |      | 3  | 2  |
| Neil Education P.Ltd.                                     | 39   | NIL  |     |      | 13 |    |
| K.S.Warehousing Corp.                                     | 15   | NIL  |     |      | 13 |    |
| Garg Family Trust   | 11   | NIL  |     |      | 9  |    |
| <b>Conversion Of Equity Share Warrants</b>                |      |      |     |      |    |    |
| <b>Relative of Key Management Personnel</b>               |      |      |     |      |    |    |
| Smt. Sheela Devi Garg                                     | 3737 | 2803 |     |      |    |    |
| Smt. Meeta Garg   | 5235 | NIL  |     |      |    |    |
| <b>Other Related Parties</b>                              |      |      |     |      |    |    |
| Ramesh Chand Sourabh Kumar HUF                            | NIL  | 3625 |     |      |    |    |



|                                 |     |     |    |    |  |  |
|---------------------------------|-----|-----|----|----|--|--|
| <b>Security Deposit Given</b>   |     |     |    |    |  |  |
| <b>Key Management Personnel</b> |     |     |    |    |  |  |
| Ramesh Chand Garg               | NIL | NIL | 23 | 23 |  |  |

@ denotes amount less than Rs. 50,000.

## 18. Lease

The Company has entered into cancellable leasing arrangement for the office and residential premises and vehicle, which are renewable at mutual consent. Lease rental aggregating Rs. 407 Lacs (Previous Year : Rs 371 Lacs) are included in the schedule "18"- Manufacturing, administrative and other Expenses of the Profit and Loss Account under the heading Rent.

## 19. Deferred Taxation

| <b>Particulars</b>   | <b>AS AT<br/>June 30, 2011<br/>(Rs. in Lacs)</b> | <b>AS AT<br/>March 31, 2010<br/>(Rs. in Lacs)</b> |
|--|--|---|
| Opening Deferred Tax liability                                       | 9986   | 10516   |
| Add: Difference between book WDV and WDV as per Income Tax Act, 1961 | 866  | (523)   |
| Deferred tax asset as per Section 43B                                | (233)  | (7)   |
| Closing Deferred tax liability                                       | 10619  | 9986  |

As matter of prudence the Company has not recognized Deferred Tax Assets on the losses of Rs. 35496 Lacs incurred during the period.

## 20. Segment Information

In accordance with AS-17, Segment Revenue, Segment results and other information are as under:

| Particulars                                     | Edible oil |         | Power   |         | Others  |         | Unallocable |         | Eliminations |         | Total   |         |
|---|------------|---------|---------|---------|---------|---------|-------------|---------|--------------|---------|---------|---------|
|   | 2010-11    | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11     | 2009-10 | 2010-11      | 2009-10 | 2010-11 | 2009-10 |
| <b>Segment Revenue</b>                          |            |         |         |         |         |         |             |         |              |         |         |         |
| External Turnover                               | 555358     | 399253  | 5468    | 3708    |         |         |             |         |              |         |         | 560826  |
| Inter Segment Turnover                          |            |         | 766     | 680     |         |         |             |         | 766          | 680     |         |         |
| Gross Turnover                                  | 555358     | 399253  | 6234    | 4388    |         |         |             |         | 766          | 680     |         | 560826  |
| Less: Excise duty                               | 284        | 260     |         |         |         |         |             |         |              |         | 284     | 260     |
| Net Turnover                                    | 555074     | 398992  | 6234    | 4388    |         |         |             |         | 766          | 680     |         | 402700  |
| <b>Segment Result Before Interest and Taxes</b> | (7408)     | 38661   | 2714    | 2421    | 227     | 93      | 81          | 25      |              |         | (4386)  | 41200   |
| Less: Interest Expense                          | 28238      |         | 2937    | 1792    |         |         |             | 13844   |              |         |         | 15636   |
| Add: Interest Income                            |            |         |         |         |         |         | 1172        | 1111    |              |         | 1172    | 1111    |
| <b>Profit before tax</b>                        | (35646)    | 38661   | (223)   | 629     | 227     | 93      | 1253        | (12708) |              |         | (34389) | 26674   |
| Current tax                                     |            |         |         |         |         |         | (474)       | (4763)  |              |         | (474)   | (4763)  |
| Fringe benefit tax                              |            |         |         |         |         |         |             |         |              |         |         |         |
| Deferred tax                                    |            |         |         |         |         |         | (633)       | 530     |              |         | (633)   | 530     |
| <b>Profit after tax</b>                         | (35646)    | 38661   | (223)   | 629     | 227     | 93      | 146         | (16941) |              |         | (35496) | 22441   |
| <b>Other Information</b>                        |            |         |         |         |         |         |             |         |              |         |         |         |
| Segment Assets                                  | 357683     | 296808  | 38749   | 42008   | 17      | 27      | 42802       | 39973   |              |         | 439251  | 378816  |
| Segment Liabilities                             | 285869     | 187335  | 20196   | 27601   | 0       | 11      | 19127       | 18701   |              |         | 325192  | 233648  |
| Capital Expenditure                             | 8019       | 12670   |         | 8005    | @       | 17      |             |         |              |         | 8020    | 20692   |
| Depreciation/ amortization                      | 5224       | 3226    | 2775    | 2060    | 8       | 5       |             |         |              |         | 8007    | 5291    |
| Non cash expenses other than Depreciation       |            |         |         |         |         |         | 138         | 392     |              |         | 138     | 392     |

## **Disclosures:**

### **1. Primary Segment**

#### **a) Business Segment:**

Segment identified by the Company comprises as under:

- i.) Edible oil: Extraction of seed, Refined oil, Vanaspati oil, Income from commodity hedging transaction (Derivatives), High sea sales and local trading.
- ii.) Power Generation: Windmill.
- iii.) Others: Agriculture income.

By products under each segment have been included under the respective segment.

#### **b) Segment Revenue & Expenses:**

Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as “Unallocable”.

#### **c) Segment Assets and Liabilities:**

Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as “Unallocable”.

#### **d) Inter segment Transfers:**

Segment revenue, segment Expenses and segment results include transfer between business segments, such transfers are eliminated in consolidation.

#### **e) Accounting Policies:**

The accounting policies consistently used in the Preparation of the financial statements are also applied to item of revenue and expenditure in individual segments

### **2. Secondary Segment: Geographical Segment**

The following is the distribution of Company's sale by geographical market regardless of where the goods were produced:

|                   | <b>2010-11<br/>(15 Months)<br/>(Rs. in Lacs)</b> | <b>2009-10<br/>(12 Month)<br/>(Rs. in Lacs)</b> |
|-------------------|--|---|
| India             | 550844   | 387780  |
| Rest of the World | 9698   | 14920   |
| <b>Total</b>      | <b>560542</b>                                    | <b>402700</b>                                   |

## 21. Earning Per Share (EPS)

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The numbers of shares in computing basic earnings per share is the weighted average numbers of shares outstanding during the period. The numbers of shares used in computing diluted earnings per share comprises weighted averages shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of outstanding shares). Statement showing the computation of EPS is as under:

| Particulars  | For the Period<br>Apr 1, 2010 to<br>June 30, 2011 | For the year<br>Apr 1, 2009 to<br>Mar 31, 2010 |
|--|---|--|
| Net profit / (Loss) after tax (Rs. in Lacs)                                      | (35496)   | 22441  |
| Weighted average number of equity shares for Basic EPS (no. of shares in Lacs)   | 4156  | 3882   |
| Basic earnings per share (in Rupees)   | (8.54)  | 5.78   |
| Weighted average number of equity shares for Diluted EPS (no. of shares in Lacs) | 4156  | 3933   |
| Diluted earnings per share (in Rupees)   | (8.54)  | 5.71   |
| Face value of share (in Rupees)  | 1   | 1  |

## 22. The Micro, Small and Medium Enterprises Development Act, 2006

Company has send letter to suppliers to confirm whether they are covered under Micro, Small and Medium Enterprises Act, 2006 as well as they have filed required memorandum with the prescribed authorities. Out of the letters send to the parties, some confirmations have been received till the date of finalization of Balance Sheet.

| S. No | Particulars  | AS AT<br>June 30, 2011 | AS AT<br>March 31, 2010 |
|-------|--|------------------------|-------------------------|
| 1     | The Principal amount and interest due thereon remaining unpaid to any supplier:  |                        |                         |
|       | Principal  | 168                    | 172                     |
|       | Interest   | 20                     | 12                      |
| 2     | The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | Nil                    | 1                       |

|   |   |    |     |
|---|---|----|-----|
| 3 | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act,2006.                    | 17 | Nil |
| 4 | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act. | 12 | Nil |
| 5 | The amount of interest accrued and remaining unpaid at the end of each accounting year.   | 49 | 12  |

### 23. Capacity and Production

| Capacity Utilization Chart |       |                        |                    |                      |                        |                    |                      |
|----------------------------|-------|------------------------|--------------------|----------------------|------------------------|--------------------|----------------------|
|                            |       | 2010-11<br>(15 Months) |                    |                      | 2009-10<br>(12 Months) |                    |                      |
| Plants                     | Units | Installed Capacity     | Available Capacity | Capacity Utilization | Installed Capacity     | Available Capacity | Capacity Utilization |
| Mustard Oil Plant          | MT    | 1650000                | 1650000            | 706417               | 1462500                | 1126875            | 442734               |
| Refined Oil Plant          | MT    | 600000                 | 600000             | 266864               | 510000                 | 452500             | 279691               |
| Vanaspati Plant            | MT    | 56250                  | 56250              | 6430                 | 45000                  | 45000              | 9399                 |
| Solvent Plant              | MT    | 1575000                | 1425000            | 493721               | 1350000                | 915000             | 496842               |
| WINDMILL                   | MW    | 78                     | 78                 | 158928285            | 78                     | 71.775             | 136179042            |

*Note:*

- Capacity utilization of windmill is in KWhr.
- Licensed capacity clause is not applicable.
- Available capacity is the capacity available for utilization during the year.
- Installed and Available capacity is calculated on the basis of 300 working day in a year.

### 24. Particulars of Raw Material Consumption, Production, Sale and Stock

| Description   | Unit | Year Ended June 30, 2011 |                    | Year Ended March 31, 2010 |                    |
|---------------|------|--------------------------|--------------------|---------------------------|--------------------|
|               |      | Qty                      | Value in Rs.[Lacs] | Qty                       | Value in Rs.[Lacs] |
| Opening Stock |      |                          |                    |                           |                    |
| Oil           | M.T. | 63467                    | 28772              | 62382                     | 31617              |

|   |      |           |        |              |        |
|---|------|-----------|--------|--------------|--------|
| DOC   | M.T. | 32936     | 3759   | 14905        | 1520   |
| Vanaspati Ghee                                | M.T. | 1687      | 614    | 1336         | 545    |
| By Product/Packing Material/<br>Trading Goods |      |           | 3236   |              | 1009   |
| <b>Production</b>                             |      |           |        |              |        |
| Oil   | M.T. | 477015    |        | 403571       |        |
| DOC   | M.T. | 438960    |        | 435207       |        |
| Vanaspati Ghee                                | M.T. | 11152     |        | 8773         |        |
| Power   | KWH  | 158928285 |        | 13,61,79,042 |        |
| <b>Purchases</b>                              |      |           |        |              |        |
| Oil   | M.T. | 258200    | 149628 | 164483       | 71732  |
| DOC   | M.T. | 967       | 130    | 1618         | 171    |
| Vanaspati Ghee                                | M.T. | 0         | 0      | 0            | 0      |
| By Product/Packing Material/<br>Trading Goods |      |           | 75605  |              | 19677  |
| <b>Sale</b>                                   |      |           |        |              |        |
| Oil   | M.T. | 722553    | 419341 | 566968       | 313235 |
| DOC   | M.T. | 457016    | 59373  | 418794       | 64098  |
| Vanaspati Ghee                                | M.T. | 12457     | 6056   | 17899        | 6874   |
| Power   | KWH  | 157995594 | 5468   | 12,98,03,199 | 3708   |
| By Product/Packing Material/<br>Trading Goods |      |           | 70304  |              | 14785  |
| <b>Closing Stock</b>                          |      |           |        |              |        |
| Oil   | M.T. | 76129     | 38159  | 63467        | 28772  |
| DOC   | M.T. | 15847     | 2285   | 32936        | 3759   |
| Vanaspati Ghee                                | M.T. | 382       | 167    | 1687         | 614    |
| By Product/Packing Material/<br>Trading Goods |      |           | 2497   |              | 3236   |
| <b>Raw Material Consumed</b>                  |      |           |        |              |        |
| Mustard Seed                                  | M.T. | 708610    | 170507 | 447511       | 97938  |
| Soya been Seed                                | M.T. | 173823    | 39793  | 228116       | 53042  |
| Sunflower Seed                                | M.T. | 0         | 0      | 3571         | 712    |
| Crude Oil for Refinery                        | M.T. | 266864    | 93094  | 279694       | 79237  |
| Crude Oil for Vanaspati                       | M.T. | 6430      | 880    | 9399         | 1618   |
| Tin Plate                                     | M.T. | 2977      | 1578   | 4908         | 2525   |
| Oil Cake                                      | M.T. | 317704    | 4265   | 260389       | 8874   |
| HDPE  |      |           | 910    |              | 700    |

Note: Raw Material consumed includes material produced and captively consumed for production of finished goods.

**25. CIF/CFR Value of Imports**

| Particulars                 | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Month)<br>(Rs. in Lacs) |
|-----------------------------|---|--|
| Raw Materials/ Traded Goods | 19919                                   | 47512                                  |
| Stores & Spares             | 38                                      | 17                                     |
| Capital goods               | 345                                     | 1588                                   |

**26. Value of Raw Material, Stores and Spares Consumed**

|   | 2010-11 (15 Months)      |                           | 2009-10 (12 Months)       |                           |
|---|--------------------------|---------------------------|---------------------------|---------------------------|
|   | Consumption<br>(in Lacs) | % of Total<br>Consumption | Consumption<br>( in Lacs) | % of Total<br>Consumption |
| <b>1) Value of Raw Material Consumed</b>      |                          |                           |                           |                           |
| Total Consumption                             | 311027                   |                           | 244646                    |                           |
| Imported                                      | 48557                    | 16                        | 73815                     | 30                        |
| Indigenous                                    | 262470                   | 84                        | 170831                    | 70                        |
| <b>2) Value of Stores and Spares Consumed</b> |                          |                           |                           |                           |
| Total Consumption                             | 631                      |                           | 613                       |                           |
| Imported                                      | 38                       | 6                         | 17                        | 3                         |
| Indigenous                                    | 593                      | 94                        | 596                       | 97                        |

**27. Earnings in Foreign Currency**

| Particulars                                | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Month)<br>(Rs. in Lacs) |
|--|---|--|
| On export of goods calculated on FOB basis | 9609                                    | 12682                                  |
| Interest on loan to subsidiaries           | 287                                     | 189                                    |

**28. Expenditure in Foreign Currency**

| Particulars       | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Month)<br>(Rs. in Lacs) |
|-------------------|---|--|
| Interest          | 500                                     | 930                                    |
| Professional fess | 14                                      | 13                                     |
| Others            | 39                                      | 196                                    |

**29. Dividend to NRI / OCB**

| <b>Particulars</b>              | <b>2010-11<br/>(15 Months)<br/>(Rs. in Lacs)</b> | <b>2009-10<br/>(12 Month)<br/>(Rs. in Lacs)</b> |
|---------------------------------|--|---|
| Dividend                        | 113  | 335   |
| Number of Shareholders          | 532  | 578   |
| Total Number of Shares (In No.) | 62776696   | 185985138                                       |

**30.** The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated Feb.8, 2011 and Feb. 21, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to the fulfillment of condition stipulated in circular. The Company has satisfied the condition stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statement.

**31. Comparatives Figures**

1) Figure for the current period are for 15 months and hence are not comparable with previous year which was for 12 months.

2) Previous year's figures have been regrouped /reclassified wherever necessary to conform to current year's classification.

**For and on behalf of the Board of Directors of  
K S Oils Limited**

Sd/-

**Ramesh Chand Garg****Chairman & Managing Director**

Sd/-

**Davesh Agarwal****Director**

Sd/-

**Ritesh Jain****Company Secretary**

Sd/-

**Brijesh Bagpatia****Cheif Financial Officer****Place: Morena****Date: November 29, 2011**



**Information on Subsidiary & Fellow Subsidiary Companies  
As Directed by the Central Government order Section 212 (8) of the Companies Act , 1956.**

| Sr. | Particulars                | Currency         | KS Natural                            | K S Agri                              | K S Oils              | PT. Buana                                 | PT Biodiesel           | PT. Mega                            | PT. Tunas              | PT. Luwang                        |
|-----|----------------------------|------------------|---------------------------------------|---------------------------------------|-----------------------|---|------------------------|-------------------------------------|------------------------|-----------------------------------|
|     |                            |                  | Resources<br>Pte. Ltd.<br>(Singapore) | Resources<br>Pte. Ltd.<br>(Singapore) | Sdn Bhd<br>(Malaysia) | Mega Sentosa<br>Plantation<br>(Indonesia) | Jambi (Indo-<br>nesia) | Artha Per-<br>sada (Indo-<br>nesia) | Abadi (Indo-<br>nesia) | Bersusun<br>Urip (Indo-<br>nesia) |
|     |                            | USD              | USD                                   | USD                                   | RM                    | IDR                                       | IDR                    | IDR                                 | IDR                    | IDR                               |
| 1.  | Capital                    | Foreign Currency | 4,64,74,400                           | 1,70,64,000                           | 40,40,000             | 30,33,30,00,000                           | 27,00,00,00,000        | 5,00,00,00,000                      | 27,00,00,00,000        | 2,00,00,00,000                    |
|     |                            | Indian Rupees    | 2,07,50,81,960                        | 76,19,07,600                          | 6,06,74,740           | 15,89,44,920                              | 14,14,80,000           | 2,62,00,000                         | 14,14,80,000           | 1,04,80,000                       |
| 2.  | Reserves                   | Foreign Currency | (3236742)                             | (111291)                              | (3915390)             | (886053057)                               | (1214309242)           | (4622411693)                        | (2353192271)           | (94176491)                        |
|     |                            | Indian Rupees    | (144520530)                           | (4969143)                             | (58803285)            | (4642918)                                 | (6362980)              | (24221437)                          | (12330728)             | (493485)                          |
| 3.  | Total Assets               | Foreign Currency | 4,33,93,464                           | 1,69,60,816                           | 1,36,34,552           | 61,69,20,84,255                           | 27,97,75,87,068        | 1,83,86,81,478                      | 82,38,23,88,837        | 5,01,32,70,784                    |
|     |                            | Indian Rupees    | 1,93,75,18,168                        | 75,73,00,434                          | 20,47,70,519          | 32,32,66,521                              | 14,66,02,556           | 96,34,691                           | 43,16,83,718           | 2,62,69,539                       |
| 4.  | Total Liabilities          | Foreign Currency | 1,55,806                              | 8,107                                 | 1,35,09,942           | 32,24,51,37,312                           | 2,19,18,96,310         | 1,46,10,93,171                      | 57,73,55,81,108        | 3,10,74,47,275                    |
|     |                            | Indian Rupees    | 69,56,738                             | 3,61,978                              | 20,28,99,064          | 16,89,64,520                              | 1,14,85,537            | 76,56,128                           | 30,25,34,445           | 1,62,83,024                       |
| 5.  | Investments                | Foreign Currency | 2,35,16,682                           | 24,77,985                             | Nil                   | Nil                                       | Nil                    | Nil                                 | Nil                    | Nil                               |
|     |                            | Indian Rupees    | 1,05,00,19,851                        | 11,06,42,030                          | Nil                   | Nil                                       | Nil                    | Nil                                 | 99,56,000              | Nil                               |
| 6.  | Turnover & Other Income    | Foreign Currency | 5,219                                 | Nil                                   | 15,03,386             | 1,60,80,18,053                            | 65,99,99,998           | 14,61,78,844                        | 1,96,69,79,991         | 52,11,738                         |
|     |                            | Indian Rupees    | 2,37,839                              | Nil                                   | 2,20,43,457           | 82,49,133                                 | 33,85,800              | 7,49,897                            | 1,00,90,607            | 26,736                            |
| 7.  | Profit / (Loss) Before Tax | Foreign Currency | (1718473)                             | (16616)                               | (975172)              | (307992448)                               | (309425722)            | (2221416959)                        | (913765865)            | (126060359)                       |
|     |                            | Indian Rupees    | (78313736)                            | (757219)                              | (14298498)            | (1580001)                                 | (1587354)              | (11395869)                          | (4687619)              | (646690)                          |
| 8.  | Provision for tax          | Foreign Currency | Nil                                   | Nil                                   | 2,09,816              | 6,84,23,124                               | 7,26,73,899            | (632747565)                         | 21,00,35,234           | 2,95,14,386                       |
|     |                            | Indian Rupees    | Nil                                   | Nil                                   | 31,51,122             | 3,58,537                                  | 3,80,811               | (3315597)                           | 11,00,585              | 1,54,655                          |
| 9.  | Profit / (Loss) After Tax  | Foreign Currency | (1718473)                             | (16616)                               | (765356)              | (239569324)                               | (236751823)            | (2854164524)                        | (703730631)            | (96545973)                        |
|     |                            | Indian Rupees    | (78313736)                            | (757219)                              | (11222063)            | (1228991)                                 | (1214537)              | (14641864)                          | (3610138)              | (495281)                          |
| 10. | Proposed Divided           | Foreign Currency | Nil                                   | Nil                                   | Nil                   | Nil                                       | Nil                    | Nil                                 | Nil                    | Nil                               |
|     |                            | Indian Rupees    | Nil                                   | Nil                                   | Nil                   | Nil                                       | Nil                    | Nil                                 | Nil                    | Nil                               |
|     | Closing Rate               |                  | 44.65000                              | 44.65000                              | 15.01850              | 0.00524                                   | 0.00524                | 0.00524                             | 0.00524                | 0.00524                           |
|     | Daily Average Rate         |                  | 45.57170                              | 45.57170                              | 14.66254              | 0.00513                                   | 0.00513                | 0.00513                             | 0.00513                | 0.00513                           |

## Note :

Rates of US Dollars have been obtained from www.rbi.org , whereas rates of malaysian ringgit and indonesian rupiah have been taken from www.oanda.com all rates are based on daily averages of daily closing prices.

**For and on behalf of the Board of Directors**

**K S Oils Limited**  
Sd/-  
Davesh Agarwal  
Director

**Sd/-**  
Ramesh Chand Garg  
Chairman & Managing Director

**Sd/-**  
Brijesh Bagpatia  
Chief Financial Officer

**Sd/-**  
Ritesh Jain  
Company Secretary

**For Haribhakti & Co.**  
Chartered Accountants

**Sd/-**  
Chetan Desai  
Partner  
Place: Morena  
Date: November 29, 2011

**K. S. OILS LIMITED****Balance Sheet Abstract and Company General Business Profile**

|  |          |  |         |
|--|----------|--|---------|
| <b>i. Registration Details:</b>  |          |  |         |
| Registration No. 3171  |          | State Code: 10   |         |
| Balance Sheet Date: June 30, 2011  |          |  |         |
| <b>ii. Capital Raised during the year (Amount in Rs. Lacs)</b>                     |          |  |         |
| Public Issue   | NIL      | Right Issue  | NIL     |
| Bonus Issue  | NIL      | Private Placement  | 164     |
| <b>iii. Position of Mobilisation and deployment of Fund (Amount in Rs. Lacs)</b>   |          |  |         |
| Total Liabilities  |          | Total Assets   |         |
| (Including Current Liabilities & Provisions)                                       | 439251   | (Excluding Current Liabilities & provisions)                                     | 439251  |
| Source Of Funds:   |          |  |         |
| Paid Up Capital  | 4254     | Reserve and Surplus  | 109805  |
| Equity Share Entitlement Warrant   |          | Secured loan   | 243709  |
| Unsecured Loan   | NIL      | Deferred Tax Liability   | 10619   |
|  |          | Other (Deferred Government Grant)  | 74      |
| Application Of Funds:  |          |  |         |
| Fixed Assets   | 113363   | Investment   | 21326   |
| Net Current Assets   | 233772   | Miscellaneous Expenditure  | NIL     |
| <b>iv. Performance of the Company (Amount in Rs. Lacs)</b>                         |          |  |         |
| Turnover (Gross Revenue)*  | 5,70,524 | Total expenditure  | 604913  |
| Profit/( Loss) before Tax  | (34,389) | Profit/(Loss) After Tax  | (35496) |
| Earning per Share  | (8.54)   | Dividend Rate (%)  | Nil     |
| * It includes other Income ,other operating Income and Increase/ Decrease in stock |          |  |         |
| <b>v. Generic Names of Three Principles Products/ Service of the Company:</b>      |          |  |         |
| (As Per Monetary Terms)  |          |  |         |
| Item Code No. (ITC Code)   |          | Production description   |         |
| 23069021   |          | Oil cake and Oil cake meal, Solvent extracted (defatted) variety of Mustard Seed |         |
| 23040020   |          | Meal of soyabean, solvent extracted (defatted)                                   |         |
| 15162091   |          | Hydrogenated vegetable oil   |         |
| NA   |          | Power Generation (Wind Mills)  |         |

**For and on behalf of the Board of Directors  
K S Oils Limited**

**For Haribhakti & Co.  
Chartered Accountants**

**Sd/-  
Ramesh Chand Garg  
Chairman & Managing Director**

**Sd/-  
Davesh Agarwal  
Director**

**Sd/-  
Chetan Desai  
Partner**

**Sd/-  
Ritesh Jain  
Company Secreatry**

**Sd/-  
Brijesh Bagpatia  
Chief Financial Officer**

Place: Morena

Date: November 29, 2011

## Auditors' Report to the Board of Directors of K S Oils Limited on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of K S Oils Limited (“the Company”) and its Subsidiary; (collectively referred to as “the Group”) as at June 30, 2011 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company’s Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the consolidated and standalone financial statements of subsidiary whose consolidated and standalone financial statements reflect total assets of Rs.21,552 Lacs and Rs.19,375 Lacs as at March 31, 2011, total net revenues of Rs.218 Lacs and Rs.Nil and net cash outflows of Rs.267 Lacs and Rs.44 Lacs respectively for the period then ended.

These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statement to the extent they are derived from such financial statements is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company’s Management in accordance with the requirements of Accounting Standard (AS) 21, “Consolidated financial statements” as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of K S Oils Limited and its subsidiary.

5. Sundry Debtors of the Company are subject to confirmation and reconciliation. Its consequential effect, if any, on the relevant asset and loss for the period, are not quantifiable.
6. Attention is invited to the following notes in Schedule 20:
- (b) Variations/ fluctuations in costs and sales price and our reliance on the management representation, this being a technical matter (Note 6(b));
  - (c) Position of inventory as per report of independent chartered accountants. Report for position of debtors & inventory awaited from the stock auditors appointed by lead bankers. The reasons for which we could not observe inventory count as provided under Assurance Standard SA 501 "Audit Evidence- Additional Considerations For Specific Items." (Note 6(d)); and
  - (d) Pending approval of the Central Government for the excess managerial remuneration of Rs. 96 lacs (Note 8(b)).
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the component of the group, and to the best of our information and according to the explanations given to us, read together with accounting policies and notes in schedule 20 and subject to our comments in para 5 above and read with observations in para 6 above, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2011;
  - (b) in the case of the Consolidated Profit and Loss Account ,of the loss for the period ended on that date; and
  - (c) in the case of the consolidated cash flow statement , of the cash flows of the Group for the period ended on that date.

For Haribhakti & Co.  
Chartered Accountants  
FRN No.103523W

Sd/-

Place: Mumbai

Chetan Desai

Date: November 29, 2011

Partner

Membership No.17000

**K. S. OILS LIMITED****Consolidated Balance Sheet as at June 30, 2011****(Rs. In Lacs)**

|   | Schedule | As at June<br>30, 2011 | As at March<br>31, 2010 |
|---|----------|------------------------|-------------------------|
| <b>Sources of Funds</b>                               |          |                        |                         |
| <b><u>Shareholders' Funds</u></b>                     |          |                        |                         |
| Share Capital   | 1        | 4254                   | 4090                    |
| Equity Share Entitlement Warrant                      |          | 0                      | 7130                    |
| Reserves & Surplus                                    | 2        | 107301                 | 133008                  |
|   |          | <b>111555</b>          | <b>144228</b>           |
| <b><u>Minority Interest</u></b>                       |          | <b>356</b>             | <b>437</b>              |
| <b><u>Loan Funds</u></b>                              |          |                        |                         |
| Secured Loans   | 3        | 243709                 | 147732                  |
| <b>Deferred Tax Liability (Refer Note no. 15)</b>     |          | <b>10619</b>           | <b>9986</b>             |
| <b>Deferred Government Grant</b>                      |          | <b>74</b>              | <b>81</b>               |
| <b>Total</b>  |          | <b>366313</b>          | <b>302464</b>           |
| <b>Application of Funds</b>                           |          |                        |                         |
| <b><u>Goodwill on Consolidation</u></b>               |          | 325                    | 329                     |
| <b><u>Fixed Assets</u></b>                            |          |                        |                         |
| Gross Block   | 4        | 134470                 | 125843                  |
| Less : Accumulated Depreciation/Amortisation          |          | 19543                  | 11368                   |
| <b>Net Block</b>                                      |          | <b>114927</b>          | <b>114475</b>           |
| Immature Plantation                                   |          | 6208                   | 4002                    |
| Capital Work in Progress (Including Capital Advances) |          | 6886                   | 7865                    |
|   |          | <b>128021</b>          | <b>126342</b>           |
| <b>Deferred Tax Asset</b>                             |          | <b>347</b>             | <b>312</b>              |
| <b><u>Current Assets, Loan &amp; Advances</u></b>     |          |                        |                         |
| Inventories   | 5        | 171606                 | 171775                  |
| Sundry Debtors  | 6        | 95023                  | 23120                   |
| Cash & Bank Balances                                  | 7        | 11024                  | 12719                   |
| Inter Office Balances                                 |          | 0                      | 0                       |

|  |    |               |               |
|--|----|---------------|---------------|
| Other Current Assets   | 8  | 6898          | 4863          |
| Loans & Advances   | 9  | 24181         | 36416         |
|  |    | <b>308732</b> | <b>248893</b> |
| <b><u>Less: Current Liabilities &amp; Provisions</u></b>   |    |               |               |
| Current Liabilities  | 10 | 63010         | 64552         |
| Provisions   | 11 | 8101          | 8860          |
|  |    | <b>71111</b>  | <b>73412</b>  |
| <b>Net Current Assets</b>  |    | <b>237620</b> | <b>175481</b> |
| <b>Total</b>   |    | <b>366313</b> | <b>302464</b> |
| Significant Accounting Policies & Notes to Accounts forming an integral part of the Balance Sheet. | 20 |               |               |

As per our attached report of even date

For and on behalf of the Board of Directors  
K S Oils Limited

For Haribhakti & Co.  
Chartered Accountants

Sd/-  
Ramesh Chand Garg  
Chairman & Managing Director

Sd/-  
Davesh Agarwal  
Director

Sd/-  
Chetan Desai  
Partner

Sd/-  
Ritesh Jain  
Company Secreatry

Sd/-  
Brijesh Bagpatia  
Chief Financial Officer

Place: Morena

Date: November 29, 2011

**K.S.OILS LIMITED****Consolidated Profit & Loss Account For the period ended June 30, 2011****(Rs. in Lacs)**

|  | Schedule | For the period ended June 30, 2011 | For the year ended March 31, 2010 |
|--|----------|------------------------------------|-----------------------------------|
| <b>Income</b>                                    |          |                                    |                                   |
| <b>Sales</b>                                     | 12       |                                    |                                   |
| Gross Sales                                      |          | 561044                             | 403248                            |
| Less: Excise Duty                                |          | 284                                | 260                               |
| <b>Net Sales</b>                                 |          | <b>560760</b>                      | <b>402988</b>                     |
| Other Operating Income                           | 13       | 1950                               | 2995                              |
| Other Income                                     | 14       | 1015                               | 1050                              |
| Increase in Inventory                            | 15       | 6716                               | 1079                              |
| <b>Total (A)</b>                                 |          | <b>570441</b>                      | <b>408112</b>                     |
| <b>Expenditure</b>                               |          |                                    |                                   |
| Cost of Materials                                | 16       | 536390                             | 335659                            |
| Manufacturing, Administrative and Other Expenses | 17       | 26426                              | 23014                             |
| Personnel Expenses                               | 18       | 4145                               | 3201                              |
| Finance Cost                                     | 19       | 31198                              | 15645                             |
| Depreciation/Amortisation                        | 4        | 8068                               | 5335                              |
| <b>Total (B)</b>                                 |          | <b>606227</b>                      | <b>382854</b>                     |
| <b>Profit Before Tax (A-B)</b>                   |          | <b>(35786)</b>                     | <b>25258</b>                      |
| Less: Provision for Taxation                     |          |                                    |                                   |
| Income Tax                                       |          | 0                                  | 4763                              |
| Deferred Tax Adjustments                         |          | 615                                | (759)                             |
| MAT Credit Reversal                              |          | 406                                | 0                                 |
| Tax for Earlier Years/Interest on Income Tax     |          | 69                                 | 0                                 |
| <b>Profit after Tax</b>                          |          | <b>(36876)</b>                     | <b>21254</b>                      |
| <b>Add/(Less)-Minority Interest</b>              |          | 77                                 | 53                                |
| Balance brought forward                          |          | 47608                              | 29159                             |

|  |               |              |
|--|---------------|--------------|
| <b>Amount available for Appropriation</b>  | <b>10809</b>  | <b>50466</b> |
| Less : Proposed Dividend   | 0             | 736          |
| Less : Provision for Dividend Distribution Tax   | 0             | 122          |
| Less : Provision for Interest on Dividend  | 18            | 0            |
| Less : Provision for Interest on Dividend Distribution Tax   | 11            | 0            |
| Less : Transfer to General Reserves  | 0             | 2000         |
| <b>Balance carried to Balance Sheet</b>  | <b>10780</b>  | <b>47608</b> |
| <b>Basic Earning Per Share (Rs.)</b>   | <b>(8.87)</b> | <b>5.48</b>  |
| <b>Diluted Earning Per Share (Rs.)</b>   | <b>(8.87)</b> | <b>5.40</b>  |
| <b>Nominal Value per share (Re)</b>  | <b>1.00</b>   | <b>1.00</b>  |
| (Refer Note no. 17)  |               |              |
| Significant Accounting Policies & Notes to Accounts forming an integral part of the Balance Sheet. | 20            |              |

As per our attached report of even date

For and on behalf of the Board of Directors  
K S Oils Limited

For Haribhakti & Co.  
Chartered Accountants

Sd/-  
Ramesh Chand Garg  
Chairman & Managing Director

Sd/-  
Davesh Agarwal  
Director

Sd/-  
Chetan Desai  
Partner

Sd/-  
Ritesh Jain  
Company Secretary

Sd/-  
Brijesh Bagpatia  
Chief Financial Officer

Place: Morena

Date: November 29, 2011



**K.S.OILS LIMITED****Consolidated Cash Flow Statement for the period ended June 30, 2011**

|  | (Rs.in Lacs)                                |  |
|--|---|--|
|  | For the<br>period<br>ended June<br>30, 2011 | For the<br>year ended<br>March 31,<br>2010 |
| <b>Cash Flow from Operating Activities</b>                                 |   |  |
| Net (Loss)/Profit for the Period/Year Before Tax                           | (35785)                                     | 25259                                      |
| Depreciation   | 8068  | 5335                                       |
| Interest Received  | (886)                                       | (1194)                                     |
| Interest Cost  | 31198                                       | 15645                                      |
| Depreciation on Government Grant   | (7)   | (6)  |
| Provision for Doubtful Debts   | 137   | 392  |
| Provision for Gratuity & Termination Exp                                   | 0   | 118  |
| Unrealised Exchange Rate Fluctuation (Gain)                                | (78)  | (1981)                                     |
| Profit on Sale of Fixed Assets   | (47)  | 0  |
| Taxes Paid   | (1532)                                      | (4015)                                     |
| Impact of FCTR   | 128   | 1190                                       |
| <b>Adjustments</b>   |   |  |
| Decrease/(Increase) in Inventory   | 168   | (74307)                                    |
| (Increase)/Decrease in Trade Receivable                                    | (72040)                                     | (11413)                                    |
| (Decrease)/Increase in Trade Payable and Provisions                        | (3744)                                      | 25271                                      |
| Decrease/(Increase) in Other Receivables & Loans & Advances                | 11722                                       | (20457)                                    |
| <b>Net Cash Flow from Operating Activities :: [A]</b>                      | <b>(62700)</b>                              | <b>(40163)</b>                             |
| <b>Cash Flow from Investing Activities</b>                                 |   |  |
| Purchase of the Fixed Assets   | (7057)                                      | (51371)                                    |
| Sale of Fixed Assets   | 90  | 2  |
| Decrease in Capital WIP  | 979   | 27482                                      |
| Investment In Subsidiary   | 0   | 2463                                       |
| Share application money paid to Subsidiary pending for allotment of Shares | (395)                                       | 0  |
| Loan to Subsidiaries   | 0   | (169)                                      |
| Interest Received  | 886   | 1197                                       |

|  |               |                |
|--|---------------|----------------|
| Immature Plantation  | (2206)        | (2653)         |
| Prepayments  | 0             | (3032)         |
| <b>Net Cash Flow from Investing Activities :: [B]</b>                | <b>(7703)</b> | <b>(26082)</b> |
| <b>Cash Flow from Financing Activities</b>                           |               |                |
| Proceeds from Issuance of Shares                                     | 4274          | 33010          |
| Proceeds from Long Term Borrowings (Secured Loans)                   | 54013         | 54917          |
| Proceeds from Term Loans   | 53246         | 0              |
| Repayment of Term Loans  | (11262)       | 0              |
| Dividend Paid  | (365)         | (714)          |
| Interest Paid  | (31197)       | (15636)        |
| Proceeds from share issue to Minority Interest                       | 0             | 146            |
| <b>Net Cash Flow from Financing Activities :: [C]</b>                | <b>68708</b>  | <b>71723</b>   |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents: [A+B+C]</b> | <b>(1695)</b> | <b>5478</b>    |
| <b>Opening Balance of Cash and Cash Equivalents</b>                  | <b>12719</b>  | <b>7241</b>    |
| <b>Closing Balance of Cash and Cash Equivalents</b>                  | <b>11024</b>  | <b>12719</b>   |
| <b>Notes:</b>  |               |                |
| <b>Cash and Cash Equivalent Includes :-</b>                          |               |                |
| Cash in Hand   | 196           | 255            |
| <b>Balance with scheduled Banks</b>                                  |               |                |
| In Current Accounts  | 529           | 2469           |
| In Fixed Deposit Accounts  | 10233         | 9947           |
| In Unclaimed Dividend Account  | 56            | 24             |
| <b>Balance with unscheduled Banks</b>                                | <b>10</b>     | <b>24</b>      |
|  | <b>11024</b>  | <b>12719</b>   |

As per our attached report of even date

For and on behalf of the Board of Directors  
K S Oils Limited

For Haribhakti & Co.  
Chartered Accountants

Sd/-  
Ramesh Chand Garg  
Chairman & Managing Director

Sd/-  
Davesh Agarwal  
Director

Sd/-  
Chetan Desai  
Partner  
Place: Morena  
Date: November 29, 2011

Sd/-  
Ritesh Jain  
Company Secretary

Sd/-  
Brijesh Bagpatia  
Chief Financial Officer

**K.S.OILS LIMITED**

Schedules forming part of the Consolidated Balance Sheet as at and the Profit and Loss Account for the period ended  
June 30, 2011

(Rs. In Lacs)

|  | As at June<br>30, 2011 | As at March<br>31, 2010 |
|--|------------------------|-------------------------|
| <b>Schedule 1</b>  |                        |                         |
| <b>Share Capital</b>   |                        |                         |
| <u>Authorised</u>  |                        |                         |
| Equity Share Capital   | 6000                   | 6000                    |
| 60,00,00,000 Equity Share of Re.1/- Each   |                        |                         |
| (Previous Year 60,00,00,000 equity Shares of Rs.1/- each)  | <b>6000</b>            | <b>6000</b>             |
| <u>Issued, Subscribed &amp; Paid-up</u>  | 4254                   | 4090                    |
| 425412755* Equity Shares of Re.1/- each  |                        |                         |
| (Previous Year 408951418*)   |                        |                         |
| * Includes 94000000 Bonus shares of Rs 1/- each issued during FY 06-07 by capitalisation of Security Premium & General Reserve |                        |                         |
| <b>Total</b>   | <b>4254</b>            | <b>4090</b>             |
| <b>Schedule 2</b>  |                        |                         |
| <b>Reserves &amp; Surplus</b>  |                        |                         |
| Capital Reserve  |                        |                         |
| Opening Balance  | 17                     | 17                      |
| Add: Forfeiture of Warrants  | 2450                   | 0                       |
|  | <b>2467</b>            | <b>17</b>               |
| Less: ERF on Warrants  | 18                     | 0                       |
|  | <b>2449</b>            | <b>17</b>               |
| Security Premium Account   |                        |                         |
| Opening Balance  | 78038                  | 52685                   |
| Add: Premium Received During the Period  | 8807                   | 25734                   |
|  | <b>86845</b>           | <b>78419</b>            |
| Less: GDR / Warrant issue expenses   |                        | 381                     |
|  | <b>86845</b>           | <b>78038</b>            |
| General Reserves   |                        |                         |

|  |                      |                      |
|--|----------------------|----------------------|
| Opening Balance  | 6578                 | 4577                 |
| Add: transfer from profit & loss account during the year   | 0                    | 2000                 |
|  | <b>6578</b>          | <b>6577</b>          |
| Balance as per Profit & Loss Account   | 10780                | 47608                |
| Foreign currency translation reserve   | 648                  | 768                  |
| <b>Total</b>   | <b><u>107301</u></b> | <b><u>133008</u></b> |
| <b>Schedule 3</b>  |                      |                      |
| <b>Secured Loans</b>   |                      |                      |
| <b>From Banks</b>  |                      |                      |
| <b>Term Loan Account</b>   |                      |                      |
| Secured by first pari-passu charge on fixed assets of the company except wind turbine generators & Haldia Plant and second pari-passu charge on entire current assets of the company | 11965                | 11487                |
| Secured by first pari-passu charge on fixed assets of the company except wind turbine generators & Haldia Plant  | 39358                | 0                    |
| Secured by first pari-passu charge on entire fixed assets of the company except wind turbine generators & Haldia Plant (pending creation of charge)                                  | 9446                 | 0                    |
| Secured by exclusive charge on Haldia Plant of the company.  | 3600                 | 5850                 |
| Secured by exclusive charge on wind turbine generators of the company  | 19346                | 24285                |
|  | <b>83715</b>         | <b>41622</b>         |
| Interest on term loan accrued & due  | 253                  | 381                  |
| <b>Working Capital Account</b>   |                      |                      |
| Secured by first pari-passu charge on entire current assets of the company & second pari-passu charge on fixed assets of the company except wind turbine generators & Haldia Plant   | 149533               | 105729               |
| <b>Working Capital Demand Loan Account</b>   |                      |                      |
| Secured by first pari-passu charge on entire fixed assets of the company except wind turbine generators & Haldia Plant (pending creation of charge)                                  | 10208                | 0                    |
| <b>Total</b>   | <b><u>243709</u></b> | <b><u>147732</u></b> |

**K.S.OILS LIMITED**  
Schedules forming part of the Consolidated Balance Sheet as at and the Profit and Loss Account for the period ended June 30,2011

**SCHEDULE 4****Fixed Assets and Depreciation/Amortisation**

| Description of Assets        | Gross Block      |                          |                       |           | Depreciation/Amortisation |                        |                  |                          | Net Block             |           |                      |                        |                        |
|------------------------------|------------------|--------------------------|-----------------------|-----------|---------------------------|------------------------|------------------|--------------------------|-----------------------|-----------|----------------------|------------------------|------------------------|
|                              | As on 01.04.2010 | Addition during the year | Sales during the year | Transfers | Exchange Translation      | Total as on 30.06.2011 | As on 01.04.2010 | Addition during the year | Sales during the year | Transfers | Exchange Translation | Total as on 30.06.2011 | Total as on 31.03.2010 |
| Windmills                    | 41849            | 0                        | 0                     | 0         | 0                         | 41849                  | 3565             | 2760                     | 0                     | 0         | 0                    | 6325                   | 35524                  |
| Land Freehold                | 1911             | 0                        | 12                    | 0         | 0                         | 1899                   | 0                | 0                        | 0                     | 0         | 0                    | 0                      | 1899                   |
| Land Leasehold               | 1858             | 0                        | 0                     | 0         | 111                       | 1969                   | 77               | 34                       | 0                     | 0         | 5                    | 116                    | 1853                   |
| Building                     | 18171            | 2024                     | 6                     | 0         | 0                         | 20189                  | 1186             | 841                      | 2                     | 0         | 0                    | 2025                   | 18164                  |
| Plant And Machinery          | 40584            | 5860                     | 0                     | 12        | 24                        | 46480                  | 4085             | 3134                     | 0                     | 0         | (12)                 | 7207                   | 39273                  |
| Electric Installation        | 8868             | 174                      | 0                     | 0         | 0                         | 9042                   | 791              | 587                      | 0                     | 0         | 0                    | 1378                   | 7664                   |
| Vehicle                      | 888              | 101                      | 39                    | (12)      | (33)                      | 905                    | 303              | 137                      | 12                    | (0)       | 1                    | 429                    | 476                    |
| Furniture And Fixture        | 825              | 23                       | 0                     | 0         | 0                         | 848                    | 279              | 127                      | 0                     | 0         | 0                    | 406                    | 442                    |
| Office Equipment             | 1689             | 119                      | 1                     | 0         | (0)                       | 1807                   | 615              | 289                      | 0                     | 0         | (0)                  | 904                    | 903                    |
| Utilities                    | 3387             | 0                        | 0                     | 0         | 0                         | 3387                   | 364              | 62                       | 0                     | 0         | 0                    | 426                    | 2961                   |
| Computer Software            | 55               | 155                      | 0                     | 0         | 0                         | 210                    | 55               | 155                      | 0                     | 0         | 0                    | 210                    | 0                      |
| Goodwill                     | 101              | 0                        | 0                     | 0         | 0                         | 101                    | 22               | 25                       | 0                     | 0         | 0                    | 47                     | 54                     |
| Land Right                   | 5502             | 0                        | 0                     | 0         | (60)                      | 5502                   | 0                | 0                        | 0                     | 0         | 0                    | 0                      | 5502                   |
| Plantation & Infra-structure | 95               | 180                      | 0                     | 0         | 7                         | 282                    | 26               | 46                       | 0                     | 0         | (2)                  | 70                     | 212                    |
| <b>Grand Total</b>           | <b>125843</b>    | <b>8636</b>              | <b>58</b>             | <b>0</b>  | <b>49</b>                 | <b>134470</b>          | <b>11368</b>     | <b>8197</b>              | <b>14</b>             | <b>0</b>  | <b>(8)</b>           | <b>19543</b>           | <b>114475</b>          |
| <b>Previous Year</b>         | <b>71155</b>     | <b>54654</b>             | <b>7</b>              | <b>0</b>  | <b>41</b>                 | <b>125843</b>          | <b>5953</b>      | <b>5397</b>              | <b>6</b>              | <b>0</b>  | <b>24</b>            | <b>11368</b>           | <b>114475</b>          |

**Note:****1) Capital Work-in-****Progress**

| (Excluding advances for Capital Goods) | As at 30th June 2011 | As at 31st March 2010 |
|--|----------------------|-----------------------|
| Building                               | 385                  | 1212                  |
| Plant and Machinery                    | 3286                 | 2120                  |
| Furniture and Fixture                  | 0                    | 0                     |
| Electric Installation                  | 5                    | 14                    |
| Computer Software                      | 0                    | 16                    |
| Railway Side                           | 0                    | 554                   |
| Miscellaneous WIP                      | 0                    | 42                    |

2) In respect of certain leasehold land, amount has been capitalised on the basis of comfort letter received from vendors

**K.S.OILS LIMITED**

Schedules forming part of the Consolidated Balance Sheet as at and the Profit and Loss Account for the period ended  
June 30, 2011

(Rs. in Lacs)

|  | As at June<br>30, 2011 | As at March<br>31, 2010 |
|--|------------------------|-------------------------|
| <b>Schedule 5</b>  |                        |                         |
| <b>Inventories</b>   |                        |                         |
| (as taken, valued & certified by the management)   |                        |                         |
| Raw materials  | 126412                 | 133212                  |
| Work in Progress   | 744                    | 1290                    |
| Finished goods   | 40611                  | 33156                   |
| Stores & spares  | 1342                   | 881                     |
| Packing materials  | 1978                   | 3040                    |
| By-product   | 519                    | 196                     |
| Goods in Transit/ Material At Port   |                        |                         |
| <b>Total</b>   | <b>171606</b>          | <b>171775</b>           |
| <b>Schedule 6</b>  |                        |                         |
| <b>Sundry Debtors</b>  |                        |                         |
| (Unsecured & considered goods, unless otherwise stated)  |                        |                         |
| Outstanding for more than six months (Including considered<br>doubtful Current Year Rs 513.42 Lacs, Previous Year Rs. 391.16 Lacs) | 1154                   | 949                     |
| Other debts  | 94397                  | 22562                   |
|  | 95551                  | 23511                   |
| Less: provision for doubtful debts   | 528                    | 391                     |
| <b>Total</b>   | <b>95023</b>           | <b>23120</b>            |
| <b>Schedule 7</b>  |                        |                         |
| <b>Cash &amp; Bank Balances</b>  |                        |                         |
| Cash in hand   | 196                    | 255                     |
| <b>Balances with Scheduled banks</b>   |                        |                         |
| In current accounts  | 529                    | 2469                    |
| In fixed deposit accounts  | 10233                  | 9947                    |
| In unclaimed dividend account  | 56                     | 24                      |
| <b>Balance with Banks other than Scheduled Banks</b>   |                        |                         |

|  |              |              |
|--|--------------|--------------|
| In current accounts  |              |              |
| Vyavsaik Evam Adhyogik Sahkari Bank Ltd.   | 10           | 21           |
| (Maximum balance during Current Year Rs.22.02 Lacs, Previous Year Rs. 45.76 Lacs)  |              |              |
| City Bank N.A.London   | 0            | 3            |
| (Maximum balance during Current Year Rs.3.31 Lacs, Previous Year Rs. 6099.65 Lacs) |              |              |
| <b>Total</b>   | <b>11024</b> | <b>12719</b> |
| <b>Schedule 8</b>  |              |              |
| <b>Other Current Assets</b>  |              |              |
| Sales tax refund receivable  | 3894         | 3077         |
| Export benefit receivable  | 195          | 145          |
| Interest receivable  | 408          | 403          |
| Other current assets   | 2401         | 1238         |
| <b>Total</b>   | <b>6898</b>  | <b>4863</b>  |
| <b>Schedule 9</b>  |              |              |
| <b>Loans &amp; Advances</b>  |              |              |
| (Unsecured & considered goods, unless otherwise stated)                            |              |              |
| Advances receivable in cash or in kind or for value to be received                 | 15366        | 26301        |
| Less: provision for doubtful advances  | 15           | 15           |
|  | 15351        | 26286        |
| Advance tax  | 7707         | 6176         |
| MAT credit entitlement   | 0            | 406          |
| Input vat credit receivable  | 587          | 2163         |
| Balance with excise,custom etc.  | 0            | 8            |
| Other deposits /advances   | 536          | 1377         |
| <b>Total</b>   | <b>24181</b> | <b>36416</b> |
| <b>Schedule 10</b>   |              |              |
| <b>Current Liabilities</b>   |              |              |
| <b>Sundry Creditors:</b>   |              |              |
| Total outstanding dues of micro and small enterprises                              | 370          | 179          |
| Total outstanding dues of creditors other than micro and small enterprises         | 58251        | 57163        |
| Unclaimed dividend   | 56           | 24           |

|   |              |              |
|---|--------------|--------------|
| (* Amount due & outstanding to be credited to Investor Education & Protection Fund:: Current Year Rs. Nil, Previous Year Rs. Nil) |              |              |
| Unpaid dividend and dividend distribution tax   | 493          | 0            |
| Overdrawn Bank balance  | 114          | 110          |
| Security deposit from customers/CFA   | 61           | 95           |
| Advances from customers   | 1435         | 846          |
| Other liabilities   | 2230         | 6135         |
| <b>Total</b>  | <b>63010</b> | <b>64552</b> |
| <b>Schedule 11</b>  |              |              |
| <b>Provisions</b>   |              |              |
| Provision for tax   | 7814         | 7746         |
| Proposed dividend   | 0            | 736          |
| Provision for dividend distribution tax   | 0            | 122          |
| Provision for interest on dividend  | 18           | 0            |
| Provision for interest on dividend distribution tax   | 11           | 0            |
| Provision for Employee Benefits   | 258          | 256          |
| <b>Total</b>  | <b>8101</b>  | <b>8860</b>  |



**K.S.OILS LIMITED**

Schedules forming part of the Consolidated Balance Sheet as at and the Profit and Loss Account for the period ended June 30, 2011

(Rs. in Lacs)

|   | For the period ended June 30, 2011 | For the year ended March 31, 2010 |
|---|------------------------------------|-----------------------------------|
| <b>Schedule 12</b>  |                                    |                                   |
| <b>Sales</b>  |                                    |                                   |
| Domestic sales (including high seas sales)  | 514252                             | 346370                            |
| Export sales  | 9698                               | 14920                             |
| Sales against 'H' Form  | 36876                              | 41670                             |
| Sales by subsidiary   | 218                                | 288                               |
|   | <b>561044</b>                      | <b>403248</b>                     |
| Less: Excise Duty   | 284                                | 260                               |
| <b>Total</b>  | <b>560760</b>                      | <b>402988</b>                     |
| <b>Schedule 13</b>  |                                    |                                   |
| <b>Other Operating Income</b>   |                                    |                                   |
| Export incentive  | 346                                | 226                               |
| Agriculture income  | 337                                | 209                               |
| Miscellaneous income  | 103                                | 311                               |
| Government subsidy  | 1164                               | 1591                              |
| Windmill Claims   | 0                                  | 611                               |
| Carbon Credit Income  | 0                                  | 47                                |
| <b>Total</b>  | <b>1950</b>                        | <b>2995</b>                       |
| <b>Schedule 14</b>  |                                    |                                   |
| <b>Other Income</b>   |                                    |                                   |
| <b>Interest received</b>  |                                    |                                   |
| From others (on banks, security deposits, income tax refund etc.) (tax deducted at source Current Year Rs.82.12 Lacs, Previous Year Rs.104.25 Lacs) | 886                                | 995                               |
| Profit on Sale of Fixed Assets (net)  | 47                                 | 0                                 |
| Miscellaneous income  | 82                                 | 55                                |
| <b>Total</b>  | <b>1015</b>                        | <b>1050</b>                       |
| <b>Schedule 15</b>  |                                    |                                   |
| <b>Increase in inventory</b>  |                                    |                                   |

|  |               |               |
|--|---------------|---------------|
| <b>Closing stock</b>                                       |               |               |
| Finished goods   | 40611         | 32148         |
| By-products  | 519           | 582           |
| Packing materials  | 1978          | 3040          |
| <b>Total closing stock</b>                                 | <b>43108</b>  | <b>35770</b>  |
| <b>Opening stock</b>                                       |               |               |
| Finished goods   | 33156         | 33657         |
| By-products  | 196           | 104           |
| Packing materials  | 3040          | 930           |
| <b>Total opening stock</b>                                 | <b>36392</b>  | <b>34691</b>  |
| <b>Total increase in inventory</b>                         | <b>6716</b>   | <b>1079</b>   |
| <b>Schedule 16</b>   |               |               |
| <b>Cost of material</b>                                    |               |               |
| Opening stock  | 134502        | 62075         |
| Add: Purchase (including trading goods)                    | 529044        | 408696        |
| <b>Total</b>   | <b>663546</b> | <b>470771</b> |
| Less: Closing stock  | 127156        | 135112        |
| <b>Total</b>   | <b>536390</b> | <b>335659</b> |
| <b>Schedule 17</b>   |               |               |
| <b>Manufacturing , administrative &amp; other expenses</b> |               |               |
| Power & fuel   | 4746          | 4680          |
| Wages  | 980           | 749           |
| Other manufacturing expenses                               | 1853          | 2651          |
| Stores & spares consumed                                   | 645           | 613           |
| <b>Repairs &amp; maintenance</b>                           |               |               |
| Plant & machinery  | 959           | 458           |
| Building   | 111           | 175           |
| Others   | 254           | 173           |
| Transportation, loading and unloading                      | 4704          | 6192          |
| Packing materials  | 123           | 87            |
| Agriculture exp.   | 101           | 80            |
| Advertisement, Selling & distribution expenses             | 973           | 2487          |
| Commission on sales  | 284           | 373           |

|   |              |              |
|---|--------------|--------------|
| Discount on sales                         | 62           | 307          |
| Provision for doubtful debts              | 138          | 392          |
| Insurance                                 | 386          | 337          |
| Exchange rate difference                  | 874          | (2574)       |
| Financial expenses                        | 2001         | 1229         |
| Miscellaneous expenses                    | 808          | 882          |
| Consultancy, legal & professional charges | 1032         | 720          |
| Rates, & taxes                            | 931          | 635          |
| Traveling & conveyance                    | 885          | 541          |
| Rent                                      | 2383         | 1325         |
| Wind mill expenses                        | 722          | 497          |
| Charity & donation (Non political)        | 17           | 15           |
| Premium on forward cover                  | 90           | 377          |
| Wealth Tax                                | 5            | 3            |
| Carbon Credit Expenses                    | 23           | 56           |
| Software Exp.                             | 0            | 189          |
| Loss on commodity hedging                 | 337          | (635)        |
| <b>Total</b>                              | <b>26426</b> | <b>23014</b> |
| <b>Schedule 18</b>                        |              |              |
| <b>Personnel Expenses</b>                 |              |              |
| Salary, wages & bonus                     | 3349         | 2431         |
| Directors remuneration & sitting fees     | 327          | 171          |
| Contribution to Gratuity                  | 53           | 107          |
| Staff welfare expenses                    | 237          | 265          |
| Contribution to provident fund & others   | 119          | 72           |
| Others                                    | 60           | 155          |
| <b>Total</b>                              | <b>4145</b>  | <b>3201</b>  |
| <b>Schedule 19</b>                        |              |              |
| <b>Finance Cost</b>                       |              |              |
| Interest on term loans                    | 7947         | 4360         |
| Interest on working capital loans         | 19703        | 9000         |
| Interest to Bank & others                 | 3548         | 2285         |
| <b>Total</b>                              | <b>31198</b> | <b>15645</b> |

## Schedule 20

### Significant Accounting Policies & Notes To Accounts

#### A. Significant Accounting Policies

##### 1. Basis for Preparation of Consolidated Financial Statement

The consolidated financial statements relate to K S Oils Limited (“the Company”) and its subsidiaries jointly referred as (“the Group”) have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - “Consolidated Financial Statements”.
- (ii) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as goodwill or capital reserve as the case may be.
- (iii) Minority interest’s share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- (iv) Minority interest’s share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company’s shareholders.
- (v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding Company separate financial statements, to the extent possible, except as provided under para 11 a) (vi) and 12 (f).

**2. The subsidiaries considered in the Consolidated Financial Statement are:**

| <b>Name of Subsidiary Companies</b>  | <b>Countries of Incorporation</b> | <b>Status</b>                                | <b>Proportion of Ownership Interest/ Voting Power Directly or through Subsidiaries (%)</b> |
|--|-----------------------------------|--|--|
| KS Natural Resources PTE. LTD<br>(From 23 <sup>rd</sup> November, 2007)    | Singapore                         | Subsidiary of KS Oils Ltd.                   | 100  |
| KS Oils SDN. BHD.<br>(From 31 <sup>st</sup> March, 2009)                   | Malaysia                          | Subsidiary of KS Natural Resources PTE. LTD. | 70   |
| KS Agri Resources PTE. LTD.<br>(From 28 <sup>th</sup> May, 2008)           | Singapore                         | Subsidiary of KS Natural Resources PTE. LTD. | 100  |
| PT Buana Mega Sentosa Plantation<br>(From 22 <sup>nd</sup> November, 2008) | Indonesia                         | Subsidiary of KS Natural Resources PTE. LTD. | 90   |
| PT. Biodiesel Jambi<br>(From 1 <sup>st</sup> Jan, 2010)                    | Indonesia                         | Subsidiary of KS Natural Resources PTE. LTD. | 90   |
| PT. Mega Artha Persada<br>(From 1 <sup>st</sup> Jan, 2010)                 | Indonesia                         | Subsidiary of KS Natural Resources PTE. LTD. | 90   |
| PT. Tunas Bersusun Abadi<br>(From 17 <sup>th</sup> Nov 2009)               | Indonesia                         | Subsidiary of KS Agri Resources PTE. LTD.    | 88   |
| PT. Luvang Urip<br>(From 11 <sup>th</sup> Aug-2009)                        | Indonesia                         | Subsidiary of PT. Tunas Bersusun Abadi .     | 95   |

The Financial Statements of all the subsidiaries are drawn up to March 31, 2011.

**3. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenues and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognized in the period in which results are known / materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

#### **4. Revenue Recognition**

- a) Revenue from sale of goods is recognized when significant risk and rewards in respect of ownership of products are transferred to customers.
- b) Export entitlements under the Duty Entitlement Pass Book (“DEPB”) scheme and Other Schemes are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### **5. Inventories**

- a) Inventories are valued at lower of cost or net realizable value on FIFO basis.
- b) Work in Progress is valued at lower of cost of Raw Material or Net Realizable Value.
- c) Inventories comprises of Raw Material, Stores, Spares & Consumables, Work In Progress and Finished Goods.
- d) Cost of inventories comprises of cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

#### **6. Agricultural Activity**

- a) Biological Assets (Living plants of Mustard, Soya or Jatropha)
  - i.) All costs related to biological assets are recognized as an expense, as and when they are incurred.
  - ii.) Biological assets are recognized at net realizable value only when the future economic benefits associated with the assets will flow to the Company.
- b) Agricultural Produce (harvested product from biological asset) is recognized at net realizable value.

#### **7. Commodity Hedging (Derivatives)**

Pursuant to announcement on accounting for the derivatives issued by the Institute of Chartered Accountants of India (ICAI), in accordance with the principles of prudence as enunciated in Accounting Standard-1 (AS-1), “Disclosures of Accounting policies”, the Company provide for losses in respect of all outstanding derivatives contract at the balance sheet date by marking them to mark to market. Any net unrealized gains arising on such Mark to Market are not recognized as income.

## 8. Certified Emission Reductions

- a) Self generated certified emission reductions ( C.E.R- also known as carbon credit ) expected to accrue to the Company as a result of windmills are recognized as a part of inventory, when it is certified by United Nations Framework Convention on Climate Change (UNFCCC) and the future economic benefits associated with such CER's will flow to the Company.
- b) Incidental expenses are charged to profit and loss account.

## 9. Fixed Assets

### a) Tangible Assets

- i.) Tangible assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to acquisition or construction of fixed assets which takes substantial period of time to get ready for their intended use is capitalized.
- ii.) Advances paid towards the acquisition of the fixed assets outstanding at each balance sheet date are disclosed under capital work in progress.

### b) Intangible Assets

Intangible Assets recorded at the consideration paid for the acquisition.

## 10. Immature Plantations

Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting fertilizing and maintenance, capitalization of borrowing costs incurred on loans used to finance the development of immature plantations and an allocation of other indirect cost based on planned hectares. When the plantations are mature, the accumulated costs are reclassified to mature plantations. In the opinion of the management and as per the industry practice followed in its country the plantation development expenditure is amortized over twenty one years, upon maturity of the first crop.

## 11. Depreciation/Amortization

### a) Depreciation:

- i.) Depreciation has been charged on SLM basis for:
  1. Windmills
  2. Plant assets (except for oil and refinery plant located at Morena)
- ii.) For all other assets depreciation is provided on WDV basis.
- iii.) Depreciation is provided at the rates and in the manner specified under schedule XIV of the Companies Act, 1956.
- iv.) Depreciation is calculated on a pro-rata basis from the date of installation / acquisition till the date the assets are sold or disposed.
- v.) Individual assets costing less than Rs 5,000/- are depreciated fully in the year of acquisition.
- vi.) The depreciation on fixed assets of the subsidiary companies is provided for, on Straight line basis over the estimated useful life of assets at rates permissible under applicable local laws.

### b) Amortization:

- i.) Leasehold assets are amortized over the period of lease.
- ii.) Intangible assets are amortized over their estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use.
- iii.) Goodwill arising in the course of acquisition is amortized over a period of five years.
- iv.) Goodwill arising on Consolidation is tested for impairment.
- v.) Computer software is fully amortized in the year of capitalization.



## 12. Foreign Currency Transactions

- a) Foreign exchange transactions are recorded at the closing rate prevailing on the date of the respective transactions. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the profit and loss account.
- b) Monetary assets and liabilities denominated in foreign currencies are converted at the closing rate as on Balance Sheet date. The resultant exchange difference is recognized in the profit and loss account.
- c) Exchange rate differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the Company's financial statements until the disposal of the net investment.
- d) Non monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction.
- e) In respect of transactions covered by forward exchange contracts, the difference between the year end closing rate and rate prevailing on the date of contract is recognized as exchange difference and the premium paid on forward contract is recognized over the life of the contract.
- f) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. InterCompany transactions such as acquisition of shares of the subsidiaries or loans and advances etc. are taken at the actual rate of the transactions. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.

## 13. Operating Leases

Lease payments under operating leases have been recognized as an expense in the profit and loss account on a straight line basis over the lease term.

## 14. Employee Benefits

### a) Short term Employee Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered.

### b) Post Employment Benefits

Contribution to Provident Fund and Gratuity Fund are charged against revenue. Gratuity liability is paid to the Life Insurance Corporation of India through a Trust created for the purpose under Group Gratuity Scheme. The Premium paid/payable is being charged to Profit and Loss Account on accrual basis.

### c) Other Long Term Employees Benefits

Company's liability towards earned leave is determined by an independent actuary using Projected Unit Credit Method. Past services are recognized on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized immediately in the profit and loss account as income or expenses. Obligation is measured at the present value of the estimated future cash flows using a discounted rate that is determined by reference to the market yields at the balance sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

d) In case of subsidiaries employee benefits including social security contributions have been provided in accordance with the laws of the country in which the Company is operating.

## 15. Investments

Long-term investments are carried at cost less any permanent diminution in value. Current investments are carried at the lower of cost or fair value.

## 16. Taxation

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the period.

### a) Current Tax

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

**b) Minimum Alternate Tax [MAT]**

In case the Company is liable to pay income tax u/s 115JB of income tax Act, 1961 (i.e. MAT), the amount of tax paid in excess of normal income tax is recognized as an asset (MAT Credit Entitlement) only if there is convincing evidence for realization of such asset during the specified period. MAT credit entitlement is reviewed at each balance sheet date.

**c) Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.

**17. Government Grant****a) Capital Grant**

Government grant related to specific fixed assets which are depreciable are treated as deferred income which is recognized in the profit and loss statement on systematic and rational basis over the useful life of the respective asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged.

**b) Revenue Grant**

Revenue grant related to specific tax exemptions is recognized in the Profit and Loss Account on a systematic and rational basis in the year in which it accrues.

**18. Borrowing Cost**

Borrowing cost attributable to acquisition or construction of a qualifying asset is capitalized as part of the cost of asset up to the date such asset is ready for its intended use. Other borrowing costs are charged to profit and loss account in the year in which they are incurred.

**19. Employee Stock Option**

Employee Compensation Cost, if any, arising on account of option granted to employees is recognized in the financial statements. It is the difference between the intrinsic value and exercise price of options.

## 20. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the cash generating unit to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## 21. Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and reliable estimates can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed.

## B. Notes To Accounts

### 1. Commitments and Contingent Liabilities

| Particulars  | AS AT<br>June 30, 2011<br>(Rs. in Lacs) | AS AT<br>March 31, 2010<br>(Rs. in Lacs) |
|--|---|--|
| (I). Claims against the Company not acknowledged as debts in respect of  |   |  |
| (a) Excise & custom duty matters under dispute*  | 52                                      | 48                                       |
| (b) Commercial Taxes matter under dispute*   | 114                                     | 237                                      |
| (c) Income Tax   | 20                                      | 19                                       |
| (II). Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) | 1913                                    | 3695                                     |
| (III) Bank Guarantee   | 139                                     | 1513                                     |
| (IV) Export Promotion against Capital Goods.   | 276                                     | 283                                      |

**Note: \***

Amounts aggregating Rs.47 Lacs and Rs. 52 Lacs are deposited as appeal advance as on June 30, 2011 and March 31, 2010 respectively against Excise & Custom matters and Sales tax matters.

## Search Operation

Search Operation was conducted by Income Tax Department on Company and promoters on March 11, 2010 and various documents and materials were seized by the Department during the search proceedings. Regular follow-up and correspondence is being done with the Department for completion of assessments, time barring date for the assessments being December 31, 2011. Liability, if any, arising on this account is not ascertainable.

## 2. Fixed Deposits Under Lien

| Particulars   | AS AT<br>June 30, 2011<br>(Rs. in Lacs) | AS AT<br>March 31, 2010<br>(Rs. in Lacs) |
|---|---|--|
| Fixed deposits under lien with bank for Bank Guarantees, Letter of Credit & Others. | 10222                                   | 9947                                     |

## 3. Preferential Issues of Equity Shares and Warrants

- a) In order to meet the fund requirement of the Company for its (i) Expansion of refinery in India along with other allied expenditure (ii) Investment in its overseas subsidiaries for development of Greenfield palm plantations and acquisition of mature palm plantations and / or CPO mills, all in Indonesia, the Company has come out with preferential allotment of Equity Shares and Warrants to the promoters & other foreign Investors in July, 2009 at an issue price calculated under SEBI (DIP) Guidelines, 2000 on preferential basis duly approved by Shareholders and Board of Directors of the Company.
- b) During the year Company has converted 1,64,61,337 Promoters Convertible Warrants in to Equity Shares at Rs. 54.50 each (Including Premium of Rs. 53.50 each) after receiving Rs. 4274 Lacs towards balance of issue price. As a result, Paid up Share Capital and Securities Premium Account stands increased by Rs. 165 Lacs and Rs 8807 Lacs respectively.
- c) The Company had allotted 86,72,566 Convertible Warrants on 5th September, 2009 to Baring Private Equity Asia III Mauritius Holdings (3) Limited, 55,59,115 Warrants to CVCIGP II Client Rosehill Limited and 31,13,451 Warrants CVCIGP II Employee Rosehill Limited at a price of Rs. 56.50 per Warrant (including premium of Rs. 55.50 for each Warrant) and received 25% money at the time of issue of such Warrants, which has been forfeited on 07th March 2011 by the Company due to non-payment of balance 75% of the issue price till due date of Conversion of such warrant in to Equity Shares. Accordingly an amount of Rs. 2450 Lacs has been credited to Capital Reserve.

- d) The entire proceeds received towards the warrants have been utilized for the purpose of expansion of refinery in India along with other allied expenditure and for investment in its subsidiaries, except Rs.5065 Lacs (Previous year : Rs.7537 lacs), which were lying as Fixed Deposit with banks at the year end.

#### **4. Agricultural Activity**

During the Financial Year 2008-2009, Government of Madhya Pradesh has allotted a land admeasuring 2,000 hectares to the Company on a license basis for no consideration, for carrying out the agricultural activity for a period of two years; consequently this has not been recognized as a grant. The license is under renewal.

#### **5. Immature Plantations**

Immature plantations are not insured against risk of fire light and other risks. During the year, the expenditure on immature plantations has not been amortised as the crops are not available for use.

#### **6. As regards the Holding Company**

- a) The Company has sent requests for confirmation of balances to sundry debtors and creditors. A large number of such confirmations have been obtained. Balance Confirmations are being obtained. The management expects full recovery from all such debtors.
- b) Though the quantity of production has increased as compared with those for the preceding year, the increase in relevant expenses is not in the same proportion. This was mainly on account of plant efficiency and cost control measures. Further, there have been fluctuations in average realisation of sales price during these quarters. This was on account of market conditions and quality of goods.
- c) Company has made an application to the Corporate Debt Restructuring (CDR) cell on September 19, 2011 for restructuring of its borrowings from Banks and Financial Institutions. The matter is in process with bankers and CDR cell.
- d) The financial year of the Company has been extended to period of fifteen months ending June 30, 2011 as per approval of the board in the meeting held on September 26, 2011. In view of this, the statutory auditors could not observe the physical verification of inventory conducted by the management of the Company along with an independent Firm of chartered

accountants appointed by the Company. As per report of such chartered accountants, no material discrepancies were noted between the physical verification & book records. The inventory in the financial statements is in agreement with such report. Further, physical verification exercise has also been carried out by the Stock Auditors appointed by lead bankers, who have also reviewed the position of Sundry Debtors. Report of Stock Auditors is awaited. The management expects that there would be no material discrepancies between the position of inventory & debtors in the financial statements & as per the report of the Stock Auditors.

## 7. Derivatives

### a) Derivative Instruments

The following are the outstanding hedge contracts:

#### i.) Forward Contracts

The year end foreign currency exposures that have been hedged by derivative instruments or otherwise are given below:

| Particulars   | Currency | As at June 30, 2011        |              | As at March 31,2010        |              |
|---------------|----------|----------------------------|--------------|----------------------------|--------------|
|               |          | Amount in Foreign Currency | (Rs in Lacs) | Amount in Foreign Currency | (Rs in Lacs) |
| Loans Payable | USD      | NIL                        | NIL          | 25700000                   | 11601        |

### b) The yearend foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

#### i) Amount receivable in foreign currency on account of the following:

| Particulars            | Currency | As at June 30, 2011        |              | As at March 31,2010        |              |
|------------------------|----------|----------------------------|--------------|----------------------------|--------------|
|                        |          | Amount in Foreign Currency | (Rs in Lacs) | Amount in Foreign Currency | (Rs in Lacs) |
| Export of goods        | USD      | 252060                     | 113          | 1735446                    | 789          |
| Other Loan Receivables | MYR      | 242700                     | 36           | 242700                     | 33           |

ii) Amount payable in foreign currency on account of the following:

| Particulars                 | Currency | As at June 30, 2011        |                            | As at March 31, 2010       |              |
|-----------------------------|----------|----------------------------|----------------------------|----------------------------|--------------|
|                             |          | Amount in Foreign Currency | Amount in Foreign Currency | Amount in Foreign Currency | (Rs in Lacs) |
| Import of Goods and Service | USD      | 18903327                   | 8454                       | 79068064                   | 35759        |
| Capital Goods Imports       | EURO     | Nil                        | Nil                        | 826200                     | 579          |
|                             | USD      | Nil                        | Nil                        | 1056110                    | 501          |
| Interest Payable            | USD      | 232240                     | 104                        | 552783                     | 250          |
|                             | EURO     | Nil                        | Nil                        | 17599                      | 12           |
| Loans Payable               | USD      | 5231250                    | 2339                       | 30108068                   | 13591        |

iii.) Bank Balances:

| Particulars   | Currency | As at June 30, 2011        |              | As at March 31, 2010       |              |
|---------------|----------|----------------------------|--------------|----------------------------|--------------|
|               |          | Amount in Foreign Currency | (Rs in Lacs) | Amount in Foreign Currency | (Rs in Lacs) |
| Bank Balances | USD      | (136)                      | (@)          | 7346                       | 3            |

@ denotes amount less than Rs. 50,000.

## 8. Particulars of Managerial Remuneration

| Particulars                               | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|---|---|---|
| Salary                                    | 644                                     | 576                                     |
| Employer's contribution to provident fund | @                                       | @                                       |
| Medical expenses                          | 2                                       | 1                                       |
| Director insurance expenses               | 6                                       | 4                                       |
| Director's Sitting fees                   | 6                                       | 5                                       |

@ denotes amount less than Rs. 50,000.

- a) This above amount does not include the provision of gratuity for directors, as the same is provided as per the contribution amount determined by the Life Insurance Corporation of India.
- b) The remuneration aggregating to Rs. 96 lacs paid to managerial personnel for the fifteen month period ended June 2011, is in excess of the limits under Schedule XIII of the Companies Act, 1956 in the absence of profits. The Company is in the process of applying to the Central Government for taking approval in this regard.



**9. Borrowing Cost**

| Particulars                                | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|--|---|---|
| Borrowing cost capitalized during the year | Nil                                     | 310                                     |

**10. Auditors Remuneration (for Holding Company)**

| Particulars  | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|--|---|---|
| Audit fees (Including Limited Review and Consolidation fees) | 50                                      | 37                                      |
| Certification work   | 2                                       | @                                       |
| Reimbursement of expenses                                    | @                                       | @                                       |
| Service Tax on fees and Certification                        | 5                                       | 4                                       |

@ denotes amount less than Rs. 50,000.

**11. Government Grants:****a) Non Monetary:**

| Particulars  | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|--|---|---|
| Depreciation on assets funded by Government Grants | 7                                       | 6                                       |
| Income recognized from Government Grants           | 7                                       | 6                                       |

**b) Monetary:**

| Particulars                              | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|--|---|---|
| Income recognized from Government Grants | 1157                                    | 1585                                    |

**12. Employee Benefit Plans**

The Company has classified various employee benefits as under:

**a) Defined Contribution Plan:**

|   | 2010-11<br>(15 Months)<br>(Rs. in Lacs) | 2009-10<br>(12 Months)<br>(Rs. in Lacs) |
|---|---|---|
| (i) Provident Fund                                    | 102                                     | 74                                      |
| <b>(ii) State defined contribution plans</b>          |   |   |
| Employers' Contribution to Employees' State Insurance | 14                                      | 7                                       |

**b) Defined Benefit Plan:**

1. Gratuity (Funded)
2. Leave Encashment (Non funded)

In terms of the guidance on implementing the revised AS 15, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, the Gratuity trust set up by the Company is treated as defined benefit plan since the Company has to meet the shortfall, if any. However, at the year end, no shortfall remains unprovided for.

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the Company's policy.

Valuations in respect of Gratuity and Leave encashment, as at the Balance Sheet date, based on the following assumptions:

**i) The disclosures of Gratuity are as under:**

|  | <b>2010-11<br/>(15 Months)</b> | <b>2009-10<br/>(12 Months)</b> |
|--|--------------------------------|--------------------------------|
| <b>1. Assumptions</b>  |                                |                                |
| Discount Rate  | 8%                             | 8%                             |
| Salary Escalation (For 12 Months )                               | 8%                             | 7%                             |
| Salary Escalation ( For 3 Months)                                | 6%                             |                                |
|  |                                |                                |
| <b>2. Table showing changes in present value of obligations</b>  |                                |                                |
|  |                                |                                |
| Present value of obligations as at beginning of year             | 1,22,66,020                    | 49,71,283                      |
| Interest cost  | 13,53,971                      | 3,97,703                       |
| Current service cost   | 68,64,070                      | 30,82,496                      |
| Benefits paid  | (4,79,274)                     | (1,23,660)                     |
| Actuarial (gain)/loss on obligations                             | (73,71,845)                    | 25,45,205                      |
| Present value of obligations as at end of year                   | 1,26,32,942                    | 1,08,73,027                    |
|  |                                |                                |
| <b>3. Table showing changes in the fair value of plan assets</b> |                                |                                |
|  |                                |                                |
| Fair value plan assets at beginning of year                      | 1,29,04,988                    | 90,93,875                      |
| Expected return on plan assets                                   | 14,33,436                      | 8,25,832                       |
| Contributions  | 1,02,286                       | 31,08,941                      |

|   |             |             |
|---|-------------|-------------|
| Benefits paid   | (4,79,274)  | (123660)    |
| Actuarial (gain)/loss on obligations  | (42774)     | Nil         |
| Fair value of plan assets at the end of year  | 1,40,04,210 | 1,29,04,988 |
|   |             |             |
| <b>4. Table showing fair value of plan assets</b>   |             |             |
|   |             |             |
| Fair value plan assets at beginning of year   | 1,29,04,988 | 90,93,875   |
| Actual return on plan assets  | 14,33,436   | 8,25,832    |
| Contributions   | 1,02,286    | 31,08,941   |
| Benefits paid   | (4,79,274)  | (123660)    |
| Fair value of plan assets at the end of year  | 1,40,04,210 | 1,29,04,988 |
| Funded status   | 13,71,268   | 20,31,961   |
| Excess of actual over estimated return on plan assets<br>(Actual rate of return =Estimated rate of return as ARD falls on 31st<br>March.) | Nil         | Nil         |
|   |             |             |
| <b>5. Actuarial Gain/Loss recognized</b>  |             |             |
|   |             |             |
| Actuarial gain/(loss) for the year –Obligations   | 73,71,945   | (25,45,205) |
| Actuarial (gain)/loss for the year –plan assets   | (42774)     | Nil         |
| Total (gain)/loss for the year  | (74,14,619) | 25,45,205   |
| Actuarial (gain)/loss recognized in the year  | (74,14,619) | 25,45,205   |
|   |             |             |
| <b>6. The amounts to be recognized in the balance sheet and<br/>statements of profit and loss</b>   |             |             |
|   |             |             |
| Present value of obligations as at the end of year  | 1,26,32,942 | 1,08,73,027 |
| Fair value of plan assets as at the end of the year   | 1,40,04,210 | 1,29,04,988 |
| Funded status   | 35,75,507   | 20,31,961   |
| Net assets (liability) recognized in balance sheet  | 63,18,043   | (20,31,961) |
|   |             |             |
| <b>7. Expenses recognized in statement of profit and loss</b>   |             |             |
|   |             |             |
| Current service cost  | 68,64,070   | 30,82,496   |
| Interest cost   | 13,53,971   | 3,97,703    |
| Expected return on plan assets  | (14,33,436) | (8,25,832)  |
| Net actuarial (gain)/loss recognized in the year  | (74,14,619) | 25,45,205   |
| Expenses recognized in statement of profit and loss   | (6,30,014)  | 51,99,572   |

ii) Valuation of liability for Leave encashment has been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

| Particulars   | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|---|------------------------|------------------------|
| a. Discount Rate (Per annum)  | 8%                     | 8%                     |
| b. Rate of increase in Compensation levels                            | 5%                     | 5%                     |
| c. Rate of Return on Plan Assets                                      | Nil                    | Nil                    |
| d. Expected Avg. remaining working lives of employees in no. of Years | 23                     | 25                     |

1. Changes in present Value of Obligation

|  | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|--|------------------------|------------------------|
| a. Present value of Obligation as at beginning of the Year | 35,80,176              | 14,67,154              |
| b. Interest Cost   | 3,75,473               | 1,17,372               |
| c. Past Service Cost                                       | 0                      | 0                      |
| d. Current Service Cost                                    | 25,03,372              | 24,72,922              |
| e. Contributions by Plan participants                      | 0                      | 0                      |
| f. Curtailment Cost/(Credit)                               | 0                      | 0                      |
| g. Settlement Cost/(Credit)                                | 0                      | 0                      |
| h. Benefits Paid   | 0                      | 0                      |
| i. Actuarial(Gains)/Loss                                   | (18,55,198)            | (4,77,272)             |
| j. Present value of Obligation as at the end of the year   | 46,03,823              | 35,80,176              |

2. Amounts recognized in the Balance Sheet

|  | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|--|------------------------|------------------------|
| a. Present Value of Obligation as at the end of the year | 46,03,823              | 35,80,176              |
| b. Fair value of Plan Assets as at the end of the year   | NA                     | NA                     |
| c. (Asset)/ Liability recognized in the Balance Sheet    | 46,03,823              | 35,80,176              |

3. Expenses recognized in the Profit and Loss Account

|   | 2010-11<br>(15 Months) | 2009-10<br>(12 Months) |
|---|------------------------|------------------------|
| a. Current Service Cost                                     | 25,03,372              | 24,72,922              |
| b. Past Service Cost  | 0                      | 0                      |
| c. Interest Cost  | 3,75,473               | 1,17,372               |
| d. Expected Return on Plan Assets                           | 0                      | 0                      |
| e. Curtailment Cost/(Credit)                                | 0                      | 0                      |
| f. Settlement Cost/(Credit)                                 | 0                      | 0                      |
| g. Net Actuarial(Gain)/Loss                                 | (18,55,198)            | (4,77,272)             |
| h. Employees' Contribution                                  | 0                      | 0                      |
| i. Total Expenses recognized in the Profit and Loss Account | 8,72,797               | 21,13,022              |

Note: As Company does not have Plan Assets for leave encashment policy; Disclosures pertaining to plan assets are not shown.



|                                |                                    |
|--------------------------------|------------------------------------|
| Mr. Freddy Tedjasamita         | Director in Subsidiary             |
| Mr. Jeffrey Lachmandas Mahtani | Director in Subsidiary             |
| Mrs. Rosaline Ukin             | Director in Subsidiary             |
| Mrs. Shin Shuk khan            | Director in Subsidiary             |
| Mr. Freddy Setiawan            | Commissioner in Subsidiary         |
| Mr. Sandeep Kumar              | Commissioner in Subsidiary         |
| PT. Borneo Palma Prima         | Affiliate Company                  |
| K.S.Warehousing Corporation    | Proprietor (Mrs. Sudha Rani Garg ) |

## b) Particulars of Related Party Transactions

(Rs. in Lacs)

| Particulars                                   | Volume of Transaction during 1-4-10 to 30-6-11 | Volume of Transaction during 1-4-09 to 31-3-10 | AS AT June 30, 2011 O/S Receivable | AS AT March 31, 2010 O/S Receivable | AS AT June 30, 2011 O/S Payable | AS AT March 31, 2010 O/S Payable |
|---|--|--|------------------------------------|-------------------------------------|---------------------------------|----------------------------------|
| <b>Loan Given/(Received Back) -Net of ERF</b> |  |  |                                    |                                     |                                 |                                  |
| <b>Affiliate Companies</b>                    |  |  |                                    |                                     |                                 |                                  |
| PT. Borneo Palma Prima                        | 195  | 101  | 533                                | 596                                 |                                 | 43                               |
| <b>Interest</b>                               |  |  |                                    |                                     |                                 |                                  |
| <b>Affiliate Companies</b>                    |  |  |                                    |                                     |                                 |                                  |
| PT. Borneo Palma Prima                        |  | 31   |                                    | 35                                  |                                 |                                  |
| <b>Remuneration</b>                           |  |  |                                    |                                     |                                 |                                  |
| <b>Key Management Personnel</b>               |  |  |                                    |                                     |                                 |                                  |
| Mr. Ramesh Chand Garg                         | 60   | 48   |                                    |                                     |                                 |                                  |
| Mr. Sanjay Agarwal                            | 53   | 42   |                                    |                                     |                                 |                                  |
| Mr. Sourabh Garg                              | 45   | 36   |                                    |                                     |                                 |                                  |
| Mr. R.Ganesh                                  | 45   | 36   |                                    |                                     |                                 |                                  |
| <b>Other Related Parties</b>                  |  |  |                                    |                                     |                                 |                                  |
| Mr. Hendry Attan                              | Nil  | 67   |                                    |                                     |                                 |                                  |

|   |     |     |  |  |  |  |
|---|-----|-----|--|--|--|--|
| Mr. Widodo Nurly Sumady                                   | 37  | 40  |  |  |  |  |
| Mr. Sandeep Kumar   | 37  | 32  |  |  |  |  |
| Mr. Baey Cheng Song                                       | 1   | 1   |  |  |  |  |
| Mr. Freddy Setiawan                                       | 93  | 97  |  |  |  |  |
| Mr. Tapan Baheti  | 25  | 29  |  |  |  |  |
| Mr. Kardi Maryoto   | 50  | 5   |  |  |  |  |
| Mr. Achmad Luthfy   | 21  | 22  |  |  |  |  |
| Mr. Freddy Tedjasamita                                    | 14  | 14  |  |  |  |  |
| Mr. Jeffrey Lachmandas Mathani                            | 113 | 108 |  |  |  |  |
| Mrs. Rosaline Ukin  | @   | @   |  |  |  |  |
| Mrs. Shin Shuk Khan                                       | @   | @   |  |  |  |  |
| Mr. Anthony John Hogg                                     | 51  | Nil |  |  |  |  |
| <b>Dividend</b>   |     |     |  |  |  |  |
| <b>Key Management Personnel</b>                           |     |     |  |  |  |  |
| Mr. Ramesh Chand Garg                                     | 108 | 108 |  |  |  |  |
| Mr. Sourabh Garg  | 26  | 26  |  |  |  |  |
| <b>Relative of Key Management Personnel</b>               |     |     |  |  |  |  |
| Mrs. Meeta Garg   | 38  | 26  |  |  |  |  |
| Mrs. Sheela Devi Garg                                     | 50  | 41  |  |  |  |  |
| Mr. Shyam Kumar Garg                                      | @   | @   |  |  |  |  |
| Mr. Om Prakash Garg                                       | @   | @   |  |  |  |  |
| Mr. Mohan lal Garg  | @   | @   |  |  |  |  |
| <b>Other Related Parties</b>                              |     |     |  |  |  |  |
| Ramesh Chand Sourabh Kumar HUF                            | 30  | 31  |  |  |  |  |
| Sourabh Garg HUF  | 5   | 5   |  |  |  |  |
| <b>Amount Received against Convertible Share Warrants</b> |     |     |  |  |  |  |
| <b>Relative of Key Management Personnel</b>               |     |     |  |  |  |  |

|   |      |      |    |      |    |    |
|---|------|------|----|------|----|----|
| Mrs. Sheela Devi Garg                       | 904  | 5636 |    | 2832 |    |    |
| Mrs. Meeta Garg                             | 3369 | 5791 |    | 1865 |    |    |
| <b>Rent Paid</b>                            |      |      |    |      |    |    |
| <b>Key Management Personnel</b>             |      |      |    |      |    |    |
| Mr. Ramesh Chand Garg                       | 65   | 47   |    |      |    | 17 |
| <b>Relative of Key Management Personnel</b> |      |      |    |      |    |    |
| Mrs. Meeta Garg                             | 5    | 5    |    |      |    |    |
| Mrs. Sheela Devi Garg                       | 12   | 6    |    | 1    | 6  |    |
| <b>Other Related Parties</b>                |      |      |    |      |    |    |
| K.S. Enterprises                            | 11   | 20   |    |      | 10 | 2  |
| K.S. Food Products                          | 11   | 11   |    |      | 3  | 2  |
| Neil Education P. Ltd.                      | 39   |      |    |      | 13 |    |
| K.S. Warehousing Corp.                      | 15   |      |    |      | 13 |    |
| Garg Family Trust                           | 11   |      |    |      | 9  |    |
| <b>Conversion of Equity Share Warrants</b>  |      |      |    |      |    |    |
| <b>Relative of Key Management Personnel</b> |      |      |    |      |    |    |
| Mrs. Sheela Devi Garg                       | 3737 | 2803 |    |      |    |    |
| Mrs. Meeta Devi Garg                        | 5235 | -    |    |      |    |    |
| <b>Other Related Parties</b>                |      |      |    |      |    |    |
| Ramesh Chand Sourabh Kumar HUF              | Nil  | 3625 |    |      |    |    |
| <b>Security Deposit</b>                     |      |      |    |      |    |    |
| <b>Key Management Personnel</b>             |      |      |    |      |    |    |
| Mr. Ramesh Chand Garg                       | Nil  | Nil  | 23 | 23   |    |    |

@ denotes amount less than Rs. 50,000.



**14. Lease**

- a) The Company has entered into cancellable leasing arrangement for the office and residential premises and vehicle, which are renewable at mutual consent. Lease rental aggregating Rs. 407 Lacs (Previous Year : Rs 371 Lacs) are included in the schedule “18”- Manufacturing, administrative and other Expenses of the Profit and Loss Account under the heading Rent.
- b) At the balance sheet date the K.S. Natural Resources was committed to making the following payments in respect of the operating lease with a term of more than one year

| Particulars        | AS AT<br>June 30, 2011<br>(Rs. in Lacs) | AS AT<br>March 31, 2010<br>(Rs. in Lacs) |
|--------------------|---|--|
| Within one year    | 125                                     | 138                                      |
| Within 2 to 5 year | 117                                     | 170                                      |

**15. Deferred Taxation**

| Particulars  | AS AT<br>June 30, 2011<br>(Rs. in Lacs) | AS AT<br>March 31, 2010<br>(Rs. in Lacs) |
|--|---|--|
| Opening Deferred Tax liability                                       | 9674                                    | 10450                                    |
| Add: Difference between book WDV and WDV as per Income Tax Act, 1961 | 831                                     | (769)                                    |
| Deferred tax asset as per Section 43B                                | (233)                                   | (7)                                      |
| Closing Deferred tax liability                                       | 10272                                   | 9674                                     |

As a matter of prudence the Company has not recognized deferred tax assets on the losses of Rs. 36876 Lacs incurred during the year.

## 16. Segment Information

In accordance with AS-17, Segment Revenue, Segment results and other information are as under:

(Rs. in Lacs)

|   | Edible oil |         | Power   |         | Others  |         | Unallocable |         | Eliminations |         | Total   |
|---|------------|---------|---------|---------|---------|---------|-------------|---------|--------------|---------|---------|
|   | 2010-11    | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11     | 2009-10 | 2010-11      | 2009-10 |         |
| PARTICULARS                               |            |         |         |         |         |         |             |         |              |         |         |
| Segment Revenue                           |            |         |         |         |         |         |             |         |              |         |         |
| External Turnover                         | 555358     | 399253  | 5468    | 3708    |         |         | 218         | 288     |              |         | 561044  |
| Inter Segment Turnover                    |            |         | 766     | 680     |         |         |             | 13154   | 766          | 13834   | 403248  |
| Gross Turnover                            | 555358     | 399253  | 6234    | 4388    |         | 0.00    | 218         | 13442   | 766          | 13834   | 561044  |
| Less: Excise duty /Service tax recovered  | 284        | 260     |         |         |         |         |             |         |              |         | 284     |
| Net Turnover                              | 555074     | 398992  | 6234    | 4388    |         | 0.00    | 218         | 13442   | 766          | 13834   | 560760  |
| Segment Result Before Interest and Taxes  | (7407)     | 38661   | 2714    | 2421    | 227     | 93      | (1009)      | (1275)  | (2)          | (9)     | (5473)  |
| Less: Interest Expenses                   | 28238      |         | 2937    | 1792    |         |         | 244         | 14052   | 221          | 199     | 31198   |
| Add: Interest Income                      |            |         |         |         |         |         | 1108        | 1184    | 223          | 189     | 885     |
| Profit before tax                         | (35646)    | 38661   | (223)   | 629     | 227     | 93      | (145)       | (14123) |              |         | (35786) |
| Current tax                               |            |         |         |         |         |         | (474)       | (4763)  |              |         | (475)   |
| Fringe benefit tax                        |            | 0.00    |         |         |         |         |             |         |              |         |         |
| Deferred tax                              |            |         |         |         |         |         | (615)       | 759     |              |         | (615)   |
| Profit after tax                          | (35646)    | 38661   | (223)   | 629     | 227     | 93      | (1234)      | (18128) |              |         | (36876) |
| Other Information                         |            |         |         |         |         |         |             |         |              |         |         |
| Segment Assets                            | 357683     | 296809  | 38749   | 42008   | 17      | 27      | 63965       | 63032   | 23314        | 26643   | 437100  |
| Segment Liabilities                       | 286363     | 187335  | 20196   | 27601   |         | 11      | 18957       | 22998   | 2            | 7046    | 325514  |
| Capital Expenditure                       | 8019       | 12670   |         | 8005    | @       | 17      | 2563        | 9167    |              |         | 10583   |
| Depreciation/ Amortization                | 5224       | 3226    | 2775    | 2060    | 8       | 5       | 61          | 44      |              |         | 8068    |
| Non cash expenses other than Depreciation |            |         |         |         |         |         | 138         | 392     |              |         | 138     |
| Goodwill on Consolidation                 |            |         |         |         |         |         | 325         | 329     |              |         |         |

@ denotes amount less than Rs. 50,000.

## Disclosures:

### A. Primary Segment

#### a) Business Segment:

Segment identified by the Company comprises as under:

- i.) Edible oil: Extraction of seed, Refined oil, Vanaspati oil, Income from commodity hedging transaction (Derivatives), High sea sales and local trading.
- ii.) Power Generation: Windmill.
- iii.) Others: Agriculture income.

By products under each segment have been included under the respective segment.

#### b) Segment Revenue & Expenses:

Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as “Unallocable”.

#### c) Segment Assets and Liabilities:

Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as “Unallocable”.

#### d) Inter segment Transfers:

Segment revenue, segment expenses and segment results include transfer between business segments, such transfers are eliminated in consolidation.

#### e) Accounting Policies:

The accounting policies consistently used in the Preparation of the financial statements are also applied to item of revenue and expenditure in individual segments

## B. Secondary Segment: Geographical Segment

The following is the distribution of Company's sale by geographical market regardless of where the goods were produced:

|                      | <b>2010-11<br/>(15 Months)<br/>(Rs. in Lacs)</b> | <b>2009-10<br/>(12 Month)<br/>(Rs. in Lacs)</b> |
|----------------------|--|---|
| India/Domestic Sales | 551062   | 388068  |
| Rest of the World    | 9698   | 14920   |
| <b>Total</b>         | <b>560760</b>                                    | <b>402988</b>                                   |

## 17. Earning Per Share (EPS)

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The numbers of shares in computing basic earnings per share is the weighted average numbers of shares outstanding during the period. The numbers of shares used in computing diluted earnings per share comprises weighted averages shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of outstanding shares). Statement showing the computation of EPS is as under:

| <b>Particulars</b>   | <b>For the period<br/>Apr 1, 2010 to<br/>June 30, 2011</b> | <b>For the period<br/>Apr 1, 2009 to<br/>March 31, 2010</b> |
|--|--|---|
| Net profit after tax (Rs. in Lacs)   | (36876)  | 21254   |
| Weighted average number of equity shares for Basic EPS (no. of shares in Lacs)   | 4156   | 3882  |
| Basic earnings per share (in rupees)   | (8.87)   | 5.48  |
| Weighted average number of equity shares for Diluted EPS (no. of shares in Lacs) | 4156   | 3933  |
| Diluted earnings per share (in rupees)   | (8.87)   | 5.40  |
| Face value of share (in rupees)  | 1.00   | 1.00  |

## 18. Comparatives Figures

- 1) Figure for the current period are for 15 months and hence are not comparable with previous year which was for 12 months.
- 2) Previous year's figures have been regrouped /reclassified wherever necessary to conform to current year's classification.

19. The accounts of subsidiaries have been audited for the twelve months i.e. Apr 1, 2010 to Mar 31, 2011. As permitted by AS 21 issued by ICAI on “Consolidated Financial Statement”, consolidation of subsidiaries has been done for twelve months period while adjustments of material nature have been considered for elimination.

For and on behalf of the Board of Directors of  
K S Oils Limited

Sd/-  
Ramesh Chand Garg  
Chairman & Managing Director

Sd/-  
Davesh Agarwal  
Director

Sd/-  
Ritesh Jain  
Company Secretary

Sd/-  
Brijesh Bagpatia  
Chief Financial Officer

Place: Morena  
Date: November 29, 2011

## NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of K. S. Oils Limited will be held on Friday, 30th day of December, 2011 at 4.00 p.m at Factory office of the Company at A. B. Road, Industrial Area, Morena - 476 001 (M.P.)

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at June 30, 2011, Profit and Loss Account for the period April 1, 2010 to June 30, 2011 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.K. Mandloi, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint a Director in place of Dr. B.N. Singh, who retires by rotation and being eligible, offers him-self for re-appointment.
4. To appoint M/s Haribhakti & Co., Chartered Accountants, as Statutory Auditor and to fix their remuneration and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** M/s Haribhakti & Co., Chartered Accountants, be and is hereby re-appointed as the auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company or any committee thereof.”

### SPECIAL BUSINESS

5. **To consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** Dr. Arvind Pandalai, who was appointed as an Additional Director of the company during the year holds office till the date of this Annual General Meeting, pursuant to section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice from a member under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

**“RESOLVED THAT** in accordance with the provisions of Sections 198, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any Statutory amendment or re-enactment thereof, and subject to such other approvals, as may be necessary, approval of the Members be and is hereby accorded for the re-appointment of Mr. Ramesh Chand Garg, as whole time director, for a further period of 3 years w. e. f. June 25, 2011 on the remuneration and other terms and conditions as set out in the explanatory statement an annexed to the Notice convening this Meeting.

**RESOLVED FURTHER THAT** Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** the remuneration committee be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

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

**“RESOLVED THAT** in accordance with the provisions of Sections 198, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any Statutory amendment or re-enactment thereof, and subject to such other approvals, as may be necessary, approval of the Company be and is hereby accorded for the appointment of Mr. Ramesh Chand Garg, as the Chairman & Managing director, for a period of 3 years w. e. f. September 26, 2011 on the remuneration and other terms and conditions as set out in the explanatory statement an annexed to the Notice convening this Meeting.

**RESOLVED FURTHER THAT** Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.”

**RESOLVED FURTHER THAT** the remuneration committee be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

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

**“RESOLVED THAT** in pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and subject to all other applicable rules, regulations and guidelines of the Securities and Exchange Board of India (“SEBI”), the applicable provisions of the Foreign Exchange Management Act, 1999 (“FEMA”), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, Issue of QIP (QUALIFIED INSTITUTIONS PLACEMENT) under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (“ICDR Regulations”), the enabling provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed, and subject to all requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India (“RBI”), the Department of Industrial Policy and Promotion, Ministry of Commerce (“DIPP”), the Foreign Investment Promotion Board (“FIPB”), and all other authorities as may be required, whether in India or outside India, (hereinafter collectively referred to as “Appropriate Authorities”), and subject to such conditions and modifications as may be prescribed or imposed by any one or more of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as “Requisite Approvals”) and as agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and are hereby authorized at its absolute discretion to create, offer, issue and allot in one or more tranches, in the course of domestic/international offerings to domestic/foreign investors/ institutional investors/foreign institutional investors, members, employees, non-resident Indians, companies or bodies corporate whether incorporated in India or abroad, trusts, mutual funds, banks, financial institutions, insurance companies, pension funds, individuals or otherwise, whether shareholders of the Company or not, through a public issue, rights issue, preferential issue and/or private placement, with or without an over-allotment option, equity shares and/or equity shares through QUALIFIED INSTITUTIONS PLACEMENT (“QIPs”) and/or any securities convertible into equity shares at the option of the Company and/or holder(s) of the securities and/or securities linked to equity shares and/or securities with warrants including any instruments or securities representing either equity shares and/or convertible securities or securities linked to equity shares or securities with equity shares or any securities other than warrants, which are convertible or exchangeable with equity shares at a later date or a combination of the foregoing (hereinafter collectively referred to as “Securities”), secured or unsecured, listed on any stock exchange in India or any international stock exchange outside India, through an offer document and/or prospectus and/or offer letter and/or offering circular, and/or listing particulars, as the Board in its sole discretion may at any time or times hereafter decide, for an amount not exceeding an aggregate of Rs 250 Crore inclusive of such premium and on such terms and conditions as the Board may determine from time to time.



**RESOLVED FURTHER THAT** in case of any equity linked issue/offering, including without limitation, any QIP offering, the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any QIPs referred to above or as may be required to be issued and allotted in accordance with the terms of issue/offering in respect of the QIPs and such equity shares shall rank pari-passu with the existing equity shares of the Company in all respects.

**RESOLVED FURTHER THAT** the Company and/or any entity, agency or body authorised and/or appointed by the Company, may issue securities representing the underlying QIPs issued by the Company in negotiable registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international market.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board, where required in consultation with the Merchant Bankers and/or other Advisors, be and is hereby authorized on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including but not limited to the selection of QIBs to whom the Securities are to be offered, issued and allotted, and matters related thereto, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board, in consultation with the Merchant Banker, lead managers, underwriters, advisors and/or other persons as appointed by the Company, be and is hereby authorised to determine the form, terms and timing of the issue(s)/offering(s) of the QIPs to be allotted, issue price, face value, number of equity shares or other securities upon conversion or redemption or cancellation of the QIPs, the price, premium or discount on issue/conversion of securities, rate of interest, period of conversion, listing on one or more stock exchanges in India and/or abroad and fixing of record date or book closure, and related or incidental matters, as the Board in its absolute discretion may deem fit and accept any modifications in the proposal as may be required by the authorities in such issues in India and/or abroad.

**RESOLVED FURTHER THAT** the relevant date for determining the pricing of the Securities issued pursuant to QIP means the date of the meeting in which the Board of the Company or the Committee of Directors duly authorised by the Board of the Company decide to open the proposed issue.

**RESOLVED FURTHER THAT** these Securities as are not subscribed, may be disposed off by the Board in its absolute discretion in such a manner, as the Board may deem fit and as permissible by law.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be authorized on behalf of the Company to take all such actions and to do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue and allotment of the aforesaid Securities and equity shares and listing thereof with the stock exchange(s) where the Company's shares are listed and to resolve and settle all questions and difficulties that may arise from time to time in relation to the proposed issue, offer and allotment of any of the aforesaid Securities, utilisations of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company (as it may consider appropriate) to give effect to the aforesaid resolutions."

**9. To consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** Mr. Davesh Agarwal, who was appointed as an Additional Director of the company during the year holds office till the date of this Annual General Meeting, pursuant to section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice from a member under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

For and On behalf of the Board of Directors  
K S Oils Limited

Sd/-

Place: Morena  
Date: November 29, 2011

Ramesh Chand Garg  
Chairman & Managing Director

## NOTES

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the registered office of the company not less than twenty four hours before commencement of the meeting.
2. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Board Meeting is annexed hereto.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and Share Transfer Books has been closed from December 26, 2011 to December 30, 2011 as required under the Listing Agreement.
7. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, Members who have not en-cashed dividend warrant(s) for the year 2004-05 and onwards so far, are requested to take appropriate action for issuance of duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents, M/s. Ankit Consultancy Private Limited. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates they first became due for payment and the same is transferred to the IEPF and no payment shall be made in respect of any such claims.
8. Members are requested to notify immediately any change of address;
  - i) To their Depository Participants (DPs) in respect of their electronic share accounts; and
  - ii) To the Company to its Share Transfer Agents in respect of their physical share folios, if any.
    - (a) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.

- (b) Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
- i) Change in the residential status on return to India for permanent settlement.
  - ii) The particulars of NRE Account with Bank in India, if not furnished earlier.
9. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturday between 11.00 A.M. to 1.00 P.M.
10. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
11. Members desiring of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
12. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/ investors having their depository account. The ISIN No. for the Equity Shares of the Company is INE727D01022. In case of any query/difficulty in any matter relating thereto may be addressed to the Share Transfer Agent Ankit Consultancy Pvt. Ltd., 60, Electronic Complex, Pardeshipura, Indore (M.P.) 452010.
13. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to Individuals holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be download from the website of the Ministry of Company affairs.
14. The SEBI has mandated the submission of PAN by every participant in securities market, members holding shares in electronic form are therefore, requested to submit the PAN to their depository participant with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company's Share Transfer Agent, M/s Ankit Consultancy Pvt. Ltd.

15. Pursuant to the Clause No. 49 of the Listing Agreement, profile of the Directors proposed for appointment/re-appointment being given in a statement containing details of the concerned Directors is attached hereto.

16. Green Initiative:

The Ministry of Corporate Affairs (“MCA”), Government of India, through its Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors’ Report, Auditors’ Report and Explanatory Statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to please promptly provide their details (name, folio no., e-mail id) to the Registrar and Transfer Agent of the company. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

The annual report and other communications/documents sent electronically would also be displayed on the Company’s website: [www.ksoils.com](http://www.ksoils.com). As a Member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you.

We request you to support this initiative and opt for the electronic mode of communication by submitting your e-mail address to your DP or to the Company’s Registrar, in the interest of the environment.

## Additional information in respect of Directors seeking appointment & re-appointment at the Annual General Meeting

|  |   |
|--|---|
| 1. Name  | Mr. P. K. Mandloi<br>Non – Executive Independent Director   |
| Date of Birth  | June 17, 1940   |
| Qualification  | M. A., LL.B   |
| Expertise  | Company, retired as a Chief Manager from State Bank of India. He has over 30 years of experience in the areas of finance, corporate banking, accounts, audit, taxation and project finance. Mr. Mandloi was appointed on the Board on September 25, 2004. |
| Directorships held in other Companies  | Nil   |
| Chairman / Member of the Committee of the Board of Directors of the Company. | <b>Member</b> – Management and Finance Committee<br>Compensation Committee<br><b>Chairman</b> – Shareholders/Investors Grievance Committee, Audit Committee   |

|  |   |
|--|---|
| 2. Name  | Dr. B.N. Singh<br>Non – Executive Independent director  |
| Date of Birth  | April 6, 1946   |
| Qualification  | Post Graduate   |
| Expertise  | He brings with him an unmatched professional work experience of over three decades. During his tenure he held senior position with the industry department, Government of Madhya Pradesh. After the government tenure, he has served in the senior position in the private sector, have been a consultant Hindustan Motors & Oriental Paper Mills. Mr. Singh also has worked as a senior advisor to Madhya Pradesh State Industrial Development Corporation ( MPSIDC) |
| Directorships held in other Companies  | Nil   |
| Chairman / Member of the Committee of the Board of Directors of the Company. | <b>Member</b> – Remuneration Committee, Compensation Committee  |

|  |   |
|--|---|
| 3. Name  | Dr. Arvind Pandalai<br>Non – Executive Independent director   |
| Date of Birth  | May 10, 1949  |
| Qualification  | Ph.D & M.B.A  |
| Expertise  | Dr. Arvind Pandalai is Ex- Chairman STC and has 32 years of experience in international trading, export and import management, market research, counter trade, off-shore trade, joint ventures, project management, financial management and strategic planning. Recognizing the contributions made by Dr. Pandalai to the national and organizational cause, he was awarded 2004 IMM Award for Excellence as a Top Professional by the Institute of Marketing & Management, New Delhi, India. He was also awarded Certificate of Excellence in Productivity, Quality, and Innovation & Management by the Institute of Economic Studies, New Delhi, India |
| Directorships held in other Companies  | 1. Reventer Agro Limited<br>2. Indorama synthetics Limited  |
| Chairman / Member of the Committee of the Board of Directors of the Company. | Nil   |

|  |   |
|--|---|
| 4. Name  | Mr. Davesh Agarwal<br>Non Executive director  |
| Date of Birth  | April 13, 1982  |
| Qualification  | Post Graduate   |
| Expertise  | He has more than 10 years experience in Marketing, Finance & administration in edible oil sector  |
| Directorships held in other Companies  | 1. K.S.Finlease Ltd.<br>2. Kamadgiri Oils Pvt. Ltd.<br>3. PT. Biodiesel Jambi<br>4. PT. Mega Artha Persada<br>5. PT. Tunas Bersusun Abadi |
| Chairman / Member of the Committee of the Board of Directors of the Company. | Nil   |

## **Explanatory Statement Pursuant to Section 173(2) of The Companies Act, 1956**

### **ITEM NO. 5:**

Mr. Arvind Pandalai, an Independent Director was appointed as an Additional Director of the Company w.e.f. February 11, 2011.

As per the provisions of Section 260 of the Companies Act 1956 (“the Act”), the above Director can hold the office of Director only up to the date of ensuing Annual General Meeting of the Company and are eligible for appointment. The Company has received notices under Section 257 of the Act, proposing his candidature for the office of Director along with the requisite deposit.

In view of the expertise and experience of Mr. Arvind Pandalai his appointment as Director of the Company is recommended by the Board and request to pass the resolution as set out in Item No. 5 of the notice.

Except the director being appointed, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

### **ITEM NO. 6 & 7:**

The tenure of Mr. Ramesh Chand Garg as the Chairman Cum Whole-time Director was expired on June 24, 2011, therefore, he was further re-appointed by the Board upon the recommendations of the Remuneration Committee as the Whole-time Director w.e.f. June 25, 2011 for a further period of 3 years upto June 24, 2014 on the total remuneration up to Rs. 4,00,000 P.M.

However, consequent to the resignation of Mr. Sanjay Agarwal from the office of the Managing Director of the Company, the Board of Directors upon approval of remuneration committee of the Board at their meeting held September 26, 2011 had appointed Mr. Ramesh Chand Garg as the Chairman & Managing Director of the Company for the period of 3 years w.e.f. September 26, 2011.

Therefore, the Company seek approval of the members by way of Special Resolution for his re- appointment as the whole-time Director for a period of June 25, 2011 to September 25, 2011 and as the Chairman & Managing Director for a period from September, 26 2011 to September 25, 2014 as under:



**Minimum remuneration:-**

|                                |  |  |
|--------------------------------|--|--|
| <b>Particulars</b>             | From June 26, 2011 to September 25, 2011 as the Chairman & Whole-time Director   | From September 26, 2011 to September 25, 2014 as the Chairman & Managing Director  |
| <b>Salary &amp; Allowances</b> | Rs. 4,00,000/- per month   | Rs. 4,00,000/- per month   |
| <b>Facilities</b>              | <p>1. Car: The Company shall provide car with driver for the Company's business activities and if no car is provided, reimbursement of the conveyance shall be made as per actual on the basis of claims submitted by him.</p> <p>2. Telephone &amp; Cell: Free use of telephone, internet connection, data cable, at his residence and Cell phone, provided that the personal long distance calls on the telephone shall be billed by the Company to the Managing Director.</p> | <p>1. Car: The Company shall provide car with driver for the Company's business activities and if no car is provided, reimbursement of the conveyance shall be made as per actual on the basis of claims submitted by him.</p> <p>2. Telephone &amp; Cell: Free use of telephone, internet connection, data cable, at his residence and Cell phone, provided that the personal long distance calls on the telephone shall be billed by the Company to the Managing Director.</p> |

As per Section II[1(B)] of PART II of schedule XIII of the Companies Act 1956, the following information as given below to the shareholders:

**I. General Information:**

- (1) Nature of Industry. : Manufacturing
- (2) Date or expected date of commencement of commercial production: N.A.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.
- (4) Financial performance based on given indicators.
  - i) Sales : Rs. 560542 Lacs as on June 30, 2011.
  - ii) Loss After Tax: Rs. 35496 Lacs as on June 30, 2011.
- (5) Export performance and net foreign exchange collaborations:
 

Foreign Currency Earning : Rs. 9896 Lacs June 30, 2011.

Foreign Exchange Outgo : Rs. 22942 Lacs June 30, 2011.
- (6) Foreign Investments or collaborators, if any: NA

## II. Information about the appointee:

- (1) Background details. :
  - i) Name: Mr. Ramesh Chand Garg
  - ii) Age: 52 years
  - iii) Qualification: Graduate
  - iv) Experience: 30 years experience in edible oil industry.
- (2) Past remuneration. : Rs. 4,00,000/- Month
- (3) Job profile and his suitability: Mr. Ramesh Chand Garg is responsible for the day to day operations & management of the company under the overall superintendence, direction and control of the Board of Directors He is 52 years old, holds Graduation Degree in Commerce and has over 30 years experience in edible oils industry.
- (4) Remuneration proposed: Rs. 4,00,000 P.M.
- (5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): The proposed remuneration is in line with the industry trends for similar size of business units.
- (6) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any : Promoter

## III. Other information:

- (1) Reasons of loss or inadequate profits:  
**Market volatility, interest cost & depreciation**
- (2) Steps taken or proposed to be taken for improvement  
**Better administration & reduce cost**
- (3) Expected increase in productivity and profits in measurable terms:  
**more than 10%**

## IV. Disclosures:

- (1) The shareholders of the company shall be informed of the remuneration package of the managerial person : It is given in annual report.
- (2) The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any attached to the annual report:-
  - (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors;
  - (ii) Details of fixed component and performance linked incentives along with the performance criteria;
  - (iii) Service contracts, notice period, severance fees;
  - (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

The Resolution regarding re-appointment/appointment of Shri Ramesh Chand Garg at Item No. 6 & 7 is recommended by the Board for approval by the Members by way of special resolution.

This may also be considered as abstracts for the terms and conditions for appointment of the Managing Director as required u/s 302 of the Companies Act, 1956.

Necessary relevant documents are available at the Registered Office of the Company for inspection during the normal business hours till the conclusion of the Annual General Meeting.

Except Shri Ramesh Chand Garg being the appointee and Shri Sourabh Garg being relative, none of the directors of the Company are concerned or interested in the above said resolutions.

#### **Item No. 8**

The Company may require long term funds for various purposes viz., to meet long term working capital requirements, repayment of debts, capital expenditure and/or for other general corporate purposes to cater its future business and growth plans time to time. Accordingly, the Board of Directors of the Company at its meeting held on November 29, 2011 proposed to issue Convertible equity warrants / instruments convertible into equity shares or such other instruments by way of Qualified Institutions Placement ( QIPs) as maybe finalized by the Board or Committee thereof, up to Rs. 250 crores (Rupees Two Hundred fifty Crores only) as detailed in the resolution at item no.8 of the Notice.

The consent of the shareholders is sought for issuing Securities as stated in the Resolutions, which would result in issuance of further Equity Shares of the Company in accordance with the terms and nature of the Securities.

As per provisions of regulation 85 of Chapter VIII of SEBI ( ICDR) Regulations, 2009, issue of specified securities shall be made at a price not less than the average of the weekly high and low of the closing prices of the related equity shares quoted on the Stock Exchange during the two weeks preceding the relevant date. "Relevant date" for determining the pricing of the Securities issued pursuant to QIP means the date of the meeting in which the Board of the Company or the Committee of Directors duly authorised by the Board of the Company decide to open the proposed issue.

Under the proposed Special Resolution, consent of the shareholders is sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956, Chapter VIII of SEBI ( ICDR) Regulations, 2009 and in terms of the provisions of the Listing Agreements executed by the Company with Stock Exchanges in India where the Company's Securities are listed.

Since the Special Resolutions proposed may result in issue of Equity Shares of the Company otherwise than to the members of the Company consent of the Shareholders is being sought pursuant to the

provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and the Listing Agreements.

Therefore, the Resolution at item no. 8 is placed for approval of the members.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution except to the extent of further shares that may be offered, if any.

**Item no. 9**

Mr. Davesh Agarwal, was appointed as an Additional Director of the Company w.e.f. November 29, 2011.

As per the provisions of Section 260 of the Companies Act 1956 (“the Act”), the above Director can hold the office of Director only up to the date of ensuing Annual General Meeting of the Company and are eligible for re-appointment. The Company has received notices under Section 257 of the Act, proposing his candidature for the office of Director along with the requisite deposit.

In view of the expertise and experience of Mr. Davesh Agarwal, his appointment as Director of the Company is recommended by the Board and request to pass the resolution as set out in Item No. 9 of the notice.

Except the directors being appointed, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution.



**K. S. Oils Limited**  
Registered Office: Jiwaji Ganj, Morena – 476 001, (MP)

**ATTENDANCE SLIP**

Name and Address of Member

I, hereby record my presence at the 26th Annual General Meeting held on 30th day of December, 2011 at 4:00 pm at Factory office, at A. B. Road, Industrial Area, Morena-476 001 (M.P.)

Full Name of the Shareholder (in Block Letters) .....

\*Folio No. / DP ID No. and Client ID No .....

No. of Shares held .....

Name of Proxy if the proxy attends, instead of the Shareholder .....

\*Delete whichever is not applicable

**NOTE:**

1. Member/Proxy attending the Meeting must fill the detail in this attendance slip and hand it over at the entrance.
2. Member/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

Signature of the attending  
Member/ Proxy:



**K. S. Oils Limited**  
Registered Office: Jiwaji Ganj, Morena – 476 001, (MP)

**PROXY FORM**

Folio No.....

No. of Shares held.....

DP ID No. ....

Client ID No.....

I/We ..... of ..... in the district of

..... being a Member/Members of K. S. Oils Limited, hereby appoint Mr./Ms.

of ..... in the district of ..... or failing him/her .....

Mr./Mrs. .... of ..... in the district of ..... as my/our proxy to

attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be

held on 30th day of Dec., 2011 at 4:00 pm at Factory office, at A. B. Road, Industrial Area,

Morena - 476 001 (M.P.) and at any adjournment thereof.

Affix Revenue  
Stamp of  
Rs. 1/-

Signed this .....day of .....2011

**NOTE:**

This Proxy form, in order to be effective should be duly stamped, completed and signed must be deposited at the Registered Office of the Company not less than 24 hours before the aforesaid Meeting.

Signature of Shareholder





*If undelivered, please return to:*



**KS OILS LTD.**

Registered Office:

Jiwaji Ganj, Morena - 476 001,

Madhya Pradesh, India.

Tel: +91 7532 300000 Fax: +91 7532 405060

Email: [Investors@ksoils.com](mailto:Investors@ksoils.com) Website: [www.ksoils.com](http://www.ksoils.com)