



K. S. OILS LIMITED

BOARD OF DIRECTORS

MR. RAMESH CHAND GARG	CHAIRMAN
MR. GOVIND PRASAD GARG	MANAGING DIRECTOR
MR. MOHAN LAL GARG	DIRECTOR
MR. SAURABH GARG	WHOLE TIME DIRECTOR
MR. PRAMOD KUMAR MANDLOI	DIRECTOR
MR. BRIJ MAHENDRA NANDAN SINGH	DIRECTOR

KEY EXECUTIVES

Mr. Y SARUP
Mr. CHANDRA KAMAL BHUYAN
Mr. VINEET GARG
Mr. VIVEK GARG
Mr. G. L. CHAUHAN
Mr. G. S. VIJAY
Mr. RAMNIWAS GUPTA
Mr. ASHOK KAWADE

COMPANY SECRETARY

Mr. SANDESH YASHLAHA

AUDITORS

RATHI & CO. CHARTERED ACCOUNTANTS,
GWALIOR (M. P.)

BANKERS

CENTRAL BANK OF INDIA
ANDHRA BANK

REGISTERED OFFICE

JIWAJI GANJ, MORENA-476 001 (M. P.)

FACTORY

INDUSTRIAL AREA, AGRA-BOMBAY ROAD,
MORENA-476 001 (M. P.)

REGISTRAR AND SHARE TRANSFER AGENT

M/S ANKIT CONSULTANCY PVT. LTD.
2ND FLOOR ALANKAR POINT, GITA BHAWAN CHAURAHA,
A. B. ROAD, INDORE (M. P.)

ANNUAL GENERAL MEETING

Date	: 25th September, 2004
Time	: 4.00 P.M.
Day	: Saturday
Venue	: Jiwaji Ganj, MORENA-476 001

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K. S. OILS LIMITED

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the **K. S. Oils Limited** will be held at the Registered Office of the Company at Jiwaji Ganj, Morena on Saturday the 25th day of September, 2004 at 4.00 P.M. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt Audited Balance sheet of the Company as at 31st March, 2004 and the Profit & Loss Account for the year ended on that day together with the Report to the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Mohan Lal Garg, who retires by rotation and being eligible, offer him self for re-appointment.
3. To appoint a director in place of Mr. Brij Mahendra Nandan Singh, who retires by rotation and being eligible, offer him self for re-appointment.
4. To appoint Statuary Auditors to hold office from conclusion of this Annual General Meeting until the conclusion of the Next annual general meeting and to fix their remuneration.

SPECIAL BUSINESS

5. VARIATION IN REMUNERATION OF SHRI GOVIND PRASAD GARG, MANAGING DIRECTOR

To Consider and, if thought fit, to pass, with or without modification, the following resolution as **special resolution** :

"RESOLVED THAT subject to the provisions of Section 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the limits specified in Section 198 and Shedule XIII to the Act (including any statutory modification or re-enactment's thereof for the time being in force), the Company hereby approve the increase of and variation in the remuneration of Shri Govind Prasad Garg, Managing Director, of the Company from 1st April, 2004 for the balance period of his tenure i.e. up to 31st May, 2007 as per terms and conditions given below :

- | | |
|----------------|---|
| 1. Salary | Rs. 75,000/- per month |
| 2. Perquisites | Perquisites as detailed below are allowed in addition to salary |

- i) The expenditures incurred by the Company on Gas, Electricity, Water and Furnishing shall be value as per the Income-tax Rules, 1962, subject to ceiling of 10% of the Salary.
- ii) Reimbursement of Medical and Hospital expenditure incurred for self and family subject to a ceiling of one month salary per year.
- iii) Leave travel concession for self and family once in every year for travel anywhere in India.
Explanation : Family for (ii) and (iii) means the spouse, the dependent children and dependent parents.
- iv) Personal accident insurance for an amount, the annual premium of which does not exceed Rs. 10,000/-.
- v) Entrance fee and monthly subscription of two clubs. This will not include life membership fee.
- vi) Company's contribution towards provident fund when applicable, subject to a maximum of 12% of salary.
- vii) Gratuity not exceeding the half month salary for each completed year of service.
- viii) Provision of Company's Car with/without driver for company's business and telephone at residence (for official purpose) shall not be considered as perquisites.

Minimum Remuneration :

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration. Any excess over limits prescribed under the Companies Act, 1956 shall become payable with approval of the Central Government, wherever so required."

6. APPOINTMENT OF PRAMOD KUMAR MONDLOI

To Consider and, if thought fit, to pass, with or without modification, the following resolution as an **ordinary resolution** :

"RESOLVED THAT Mr. Pramod Kumar Mandloi who was appointed as an additional director at the meeting of the Board of Directors of the Company held on 1st April, 2004, and whose terms expires at the ensuing Annual General



Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."

7. RE-ISSUE OF FORFEITED SHARES

To Consider and, if thought fit, to pass, with or without modification, the following resolution as an **special resolution** :

"RESOLVED THAT the authority of the Company be and is hereby accorded in pursuance of clause 23 of the listing agreement entered in to by the Company with the Stock exchanges to re-issue 107100 equity shares which have been forfeited to such persons at such price as the Board may determine including reissue of such shares at such price not less than Rs. 10/- per share to the promoters of the Company provided however the issue of shares to the promoters and others (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

NOTES :

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Members/proxies, should fill attendance slip for attending the meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
3. Member may please bring their copies of the Annual Report of the Meeting.
4. Members/Proxies should bring their attendance slip duly filed along with them for attending the Meeting.
5. Members are requested to advise the Company immediately any change in their address.

6. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries in writing at least 7 days in advance of the date of the meeting so that the information can be made available at the time of meeting.
7. The International Securities Identity Number (ISIN) allotted to the Company is INE727DO 1014.
8. Individual members are entitled to make a nomination in respect of shares held by them. Members who are desirous of making a nomination are requested to send the Nomination Form 2B duly completed to the secretarial Department of the Company.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 20th September, 2004 to Saturday 25th September, 2004 (both days inclusive)
10. Explanatory statement under section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
11. Pursuant to section 250 A of the Companies Act, 1956, all Unclaimed/Unpaid dividend for the financial year ended March 31, 1996 have been Transferred to investment Education and Protection Fund established by the Central Government pursuant to section 250C of the Companies Act, 1956. Shareholders are requested to note that no claim shall lie against the said fund or the Company in respect of any amount, which were transferred to investment Education and Protection Fund.

By order of the Board

GOVIND PRASAD GARG
(Managing Director)

Regd. Office :
JIWAJI GANJ, MORENA-476 001
Dated : 31st August, 2004



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)

Item No. 5 : At the Annual General Meeting of the Company held on 28th Day of September, 2002 the members had approved the appointment of Mr. Govind Prasad Garg as Managing Director of the Company for a tenure of 5 years, effective from 1st June, 2002 on the terms and conditions and remuneration, details of which were indicated in the notice of the said Annual General Meeting.

Shri Govind Prasad Garg has contributed immensely during the previous three years to the successful running of the Company and it is necessary to increase the remuneration of Mr. Garg for the remaining period effective from 1st April, 2004.

As recommended by the remuneration committee at its meeting held on 1st April, 2004, the Board of Directors at its meeting held on 25th April, 2004, subject to the approval of shareholders, revised the terms and conditions of payment of remuneration of Managing Director.

In compliance with the provisions of Section 269, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act, the revised terms of remuneration payable to Mr. Govind Prasad Garg are now being placed before the members in General Meeting for their approval.

None of the Directors except Mr. Govind Prasad Garg, Mr. Ramesh Chand Garg and Mr. Saurabh Garg are interested in the resolution.

This may be treated as an abstract of the draft agreement between the Company and the Managing Director pursuant to Section 302 of the Companies Act, 1956.

Item No. 6 : The Board of Directors of the Company appointed Mr. Pramod Kumar Mandloi as an additional Director of the Company with effect from 1st April 2003, in accordance with the provision of Section 260 of the Companies Act, 1956 and Article 86 of the Articles of Association of the Company. Mr. Pramod Kumar Mandloi is retired as Chief Manager from State Bank of India. He has more than thirty years experience in Banking and Finance. He will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing along with a deposit of Rs. 500/- (Rupees Five Hundred Only) from a

member proposing the candidature of Mr. Pramod Kumar Mandloi for the office of Director Under the Provisions of Section 257 of the Companies Act, 1956.

None of the Directors are interested in this resolution except Mr. Pramod Kumar Mandloi.

Item No. 7 : The Board of Directors of your Company had found that 107100 equity shares of Rs. 10/- each of your Company remain to be partly paid shares and they have remained so in spite of sending individual notices to shareholders. A final notice was also sent to the members concerned warning forfeiture of said shares. However none of them has responded.

As such the Board has resolved to forfeit all the said 107100 equity in accordance with the Articles of Association of your Company. After forfeiture, necessary declaration of the forfeiture was duly made and the members have also been intimated separately.

The promoters of your Company intend to acquire these forfeited equity shares. The acquisition by promoters will not more than the extent permitted under regulation 11 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The said Regulations permit any acquirer together with persons acting in concert to acquire up to 5% of voting shares in every financial year. The promoters will acquire equity shares at re-issue price of Rs. 10/- Per share. This will make the total acquisition by them equal to 5% as prescribed in the said regulation.

However in view of the clause 23 of the Listing Agreement, it is hereby notified that it is open to any member of the Company to intimate the Board of Directors on or before the date of Annual General Meeting their willingness to apply for acquiring those shares which include the shares proposed to be acquired by the promoters at the same price. If there are applications for more shares than that are available, the available shares will be issued on a proportionate basis without any preference or priority to a person.

Article No. 44 of the Articles of Association empowers the Board of Directors to dispose of forfeited shares on such terms and in such manner as the Board thinks fit.

The directors who intend acquiring the shares as aforesaid and their relatives shall be deemed to be interested in the resolution.



DIRECTORS' REPORTS

Dear share Holders

Yours Directors have pleasure in submitting the 19th Annual Report and Audited Accounts of the Company for the financial year ended on March 31, 2004 :

FINANCIAL RESULTS : (Rs. in Lacs)

PARTICULARS	2003-04	2002-03
Sales	42,713.81	31,886.47
Export Sales	4,093.14	1,715.48
Profit before Interest and Depreciation	1,239.58	1,240.58
Interest	794.46	855.67
Depreciation	194.83	189.97
Provision for Tax	23.98	14.29
Profit after Taxation	226.31	180.65
Proposed Dividend	0.00	0.00
Transfer to General Reserve	50.00	50.00
Balance brought forward	438.71	308.06
Balance in Profit & Loss Account (C/F to Next Year)	615.02	438.71

OPERATIONS :

Sales including other income of all segments for the year ended March, 2004 amounted to **Rs. 468.42 Crores** as compared to Rs. 336.16 Crores for the period ended March, 2003. The Company is continuing its efforts to improve productivity and curtail costs. The profit for the year before taxation amounting to **Rs. 2.50 Crores** as compared to Rs. 1.95 Crores for the period ended March, 2003. This is highest ever sales and net profit in the history of the Company.

The key business segments of the Company are Oil Division, Refinery Division, Solvent Division & Vanaspati Division. The segment wise reviews of operation are as under :

OIL DIVISION : Products belonging to the division are Mustard Oil, Cake, Tin Container & trading activities, Gross Sales Turnover of this division was Rs. 223.50 Crores and profit before interest & Tax were Rs. 8.91 Crores.

REFINERY DIVISION : Products belonging to the division are Refined Oil, Cake & Tin Container. Gross Sales Turnover of this division was Rs. 103.52 Crores and profit before interest & Tax were Rs. 2.56 Crores.

SOLVENT DIVISION : Products belonging to this division are Solvent Oil, De-Oiled Cake, Gross sales Turnover was Rs. 75.97 Crores and Loss before Interest & Tax was Rs. 1.96 Crores.

VANASPATI DIVISION : Products belonging to this Division is Vanaspati Ghee, Gross Sales Turnover was Rs. 64.42 Crores. And Loss before Interest & Tax was Rs. 1.18 Crores.

OPERATIONAL PERFORMANCES :

The last year witnessed high domestic production of oil seed and consequently the dependency on imported oil was reduce. During this year the Company use maximum production capacity as well as bulk trading activities was carried out to insure regular presence in the market. During the year your Company has managed it resources extremely well and Sales Turnover was increased by **39.30%** at **Rs. 468.06 Crores** (Rs. 336.02 Crores) Profit after Tax was substantially higher by **24.86%** at **Rs. 2.26 Crores** (Rs. 1.81 Crores).

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

DIVIDEND :

In Order to conserve the Company resources for its future activities, yours Director have decided not to recommend any dividend on Equity shares for the period ended on 31st March, 2004.

PUBLIC DEPOSIT :

During the year under review your Company has not accepted deposits from public. The Company has made premature payments, which were claimed by the investors during this year. There is no outstanding deposit, which is matured and not claimed.

FORFEITURE OF EQUITY SHARES :

The Company has forfeited 107100 equity shares in the month of May, 2004 due to non payment of allotment money by the shareholders.

CHANGE IN REGISTERED OFFICE :

The Registered Office of the Company has been changed from TILAK ROAD, DUTTA PURA, MORENA to JIWAJI GANJ, MORENA w.e.f. 1st of July, 2004.

PARTICULARS OF EMPLOYEES :

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regard.



DIRECTORS :

The Board of Directors on 01/04/2004 appointed Shri Pramod Kumar Mandloi as Additional Director of the Company. Pursuant to the Section 257 of the Companies Act, 1956, Company has received Notice along with requisite deposit from a member signifying his intention to propose him for the office of Directors.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Shri Mohan Lal Garg & Shri Brij Mahendra Nandan Singh retire by rotation and are eligible, for re-appointment.

Shri Chandra Kamal Bhuyan has resigned from the Board with effect from 01/04/2004. The Board place on record its appreciation of the valuable services rendered by Shri Chandra Kamal Bhuyan during his tenure.

CORPORATE GOVERNANCE :

Report on the Corporate Governance and management Discussion and Analysis has been attached with this report.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE :

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

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to requirement under Section 217(2AA) of the Companies Amendment Act, 2000 with respect to Directors Responsibility Statement, it is hereby confirmed :

- That in preparation of Annual account for the financial year ended on 31st March, 2004 the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- That the director had selected such accounting polices and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state

of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- That the Directors have prepared the annual accounts for the financial year ended 31.03.2004 on a 'going concern' basis.

AUDITORS REPORT :

Auditor's remark given in their report are self-explanatory and therefore do not call for any further comments or explanations.

AUDITORS :

M/s Rathi & Co., Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office in terms of Section 224(1B) of the Companies Act, 1956, if re-appointed. The Board recommends their re-appointment.

ACKNOWLEDGMENTS :

Your Directors take this opportunity to place on record their deep sense of gratitude to the Financial Institutions, Banks, Central and State Government Authorities for their guidance and support. Your Directors are also grateful to the customers, suppliers, and business associates of your Company for their continued co-operation and support. Your Directors also express their appreciation and gratitude for the sincere and unstained services rendered by all executives, staffs and workers at all level of operations for the success and progress of the Company. Your Director are deeply grateful for the confidence and faith shown by all shareholders of the Company.

For and on behalf of the Board

Ramesh Chand Garg
(Chairman)

Place : Morena
Dated : 31st August, 2004



ANNEXURE - A

Particularly required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY :

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

a) Energy conservation measure taken :

New Generator of 1500 KVA were installed during the year.

b) Additional Investment and proposal if any being implemented of reduction of consumption of energy : Nil

Impact of the measures taken at (a) & (b) above the reduction of energy consumption and consequential impact on the cost of production of goods :

FORM-A

(See rule 2)

Form for Disclosure of particularly with respect to the conservation of energy.

(A) POWER AND FUEL CONSUMPTION

PARTICULARS	31/03/2004	31/03/2003
1. Electricity :		
(a) Purchase		
Units	3,883,680	4,000,626
Total Amount (Rs)	19,743,694	19,352,087
Rate Unit (Rs)	5.08	4.84
(b) Own Generation		
(I) Through diesel generator		
Units	7,236,094	6,668,192
Unit per liters of Diesel Oil (Rs)	3.50	3.50
Cost/Units (Rs)	5.41	4.87
(II) Through steam turbine/generator	N.A.	N.A.
(III) Through Kerosene Generator		
Units	475,498	--
Total Amount	2,555,261	--
Rate Units (Rs)	5.37	--
2. Coal :		
Quality (MT)	12,862	15,355
Total Cost (Rs)	28,113,920	32,900,208
Average Rate (Rs)	2,185.81	2,142.64
3. Furnace Oil :		
Quality (MT)	--	--
Total Cost (Rs)	--	--
Average Rate (Rs)	--	--
4. Others :		
Quality (MT)	--	--
Total Cost (Rs)	--	--
Average Rate (Rs)	--	--

B. Consumption per Unit of Production :

	Standard (If any) (PMT)	Current Year (PMT)	Previous Year (PMT)
Production :			
(with details) unit (123487 MT. of Oil, DOC, Vanaspati Ghee)			
Electricity	-	93.89	78.33
Furnace Oil	-	-	-
Coal	-	0.11	0.12
Others	-	-	-

(B) TECHNOLOGY ABSORPTION

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

FORM - B

(See rule-2)

Form the disclosure of particulars with respect to absorption.

Research & Development :

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

Company has enter into a tripartite agreement with the Concil of Scientific and Industrial Research (CSIR) and Regional Research Laboratories (RRL), Trivanduram for establishment of 50 TPD Red Palmoline & Zero Trans Shortening production unit. This will help to make Refined Palm Oil as per International Standard to make it completely free from cholesterol.

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

Quality of Mustard Oil, Soybean Oil and Vanspati ghee has improved considerably and matches with International Standards.

3. Future Plan of Action :

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

4. Expenditure on R&D : Nil

Technology absorption, adaptation and innovation :

1. Efforts made :

Manufacturing of Bakery Vegetable Ghee.

2. Benefits :

Efforts have led to improved efficiencies.

(B) FOREIGN EXCHANGE EARNING AND OUTGO

	(Rs. in Lacs)	
PARTICULARS	2003-04	2002-03
(i) Foreign Exchange Earned		
Earning on FOB basis	4,093.14	1,715.48
(ii) Outgo of Foreign Exchange		
a) Value of Imports on CIF basis Raw Material (Oil)	9,030.67	8,654.78
b) Expenditure in foreign currency Others	1.02	6.17



K. S. OILS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

K. S. OILS LIMITED is one of India's largest/ leading manufactures of Mustard Oil, Refinery Oil and Vanaspati. The Key business segments of the Company are Oil, Solvent, Refinery and Vanaspati division. The Plant of the Company situated at Industrial Area, A. B. Road, Morena (M. P.) is largest and most integrated plant and plays a major role in sustaining agriculture productivity in Edible Oils, Vanaspati, Oil Cakes and DOC etc. Your Company is one of the top and regular suppliers of Edible Oils to Defence department, Government of India and export of rape/ Soya DOC.

INDUSTRIAL STRUCTURE AND DEVELOPMENTS :

The Company is having Oil/Refinery, Solvent Division and Vanaspati Division, Cultivation of Soya and Mustard in India is mainly in the state of Madhya Pradesh, Rajasthan and Maharashtra. All these three states constitute 90% of total Soyabean production and 95% of total mustard production of the country. In the Processing of Mustard seed and Soya seed the output of mustard edible oil, refined oil, de-oiled cake and by way of by product soap stock, spentearth and Acid oil. The price of de-oiled cake is based on the international demand and supply. In vanaspati unit main input are Crude Palm Oil and output are Vanaspati Ghee and Palm fatty. The Industry is having surplus capacity in country level.

OPPORTUNITIES AND THREATS :

K. S. OILS LIMITED is an active player in India for manufacturing of Crude Mustard Oil, Refined Oil and Vanaspati Ghee from home consumption as well as Solvent Oil for industrial consumption.

Your Company engaged in providing basic human necessity the demand which is for unlike to abate, considering the large population base of the country and the low per capita consumption of edible oil, demand would never fall.

Deep Customer relationship, track record, strong technology skills, domain knowledge and flexible plant capacity adequately protects the business from change the consumption pattern due to variations consumer test and preferences, as well as enhancing business from exiting customer and accruing new customers.

Growth rate of domestic supply of edible oil sector is continuing declined. Agro based industrial sector depends on international trade for both raw material as well as part of finished products with attend the currency risk and government polices for trade and taxes.

OUTLOOK :

The Product brand of our Company are actively traded in the leading commodity markets and are

often looked upon as the trend-setters in the edible oil segment. Crude mustard oil is popular in the North East States, Assam, Chattishgarg & Bengal Region. Refined Oil & Vegetable Ghee having a market in almost every part of India.

RISK & CONCERNS :

The demand supply screnio for edible oil in India continues to indicate shortage of domestic supply. Crop production, as is common with any agro commodity, continues to be effected by the vagaries of nature.

India has the world fourth largest edible oil economy. Yet a major portion of supplies are imported. Evidently import would continue to be significant supply source. Success in this industry therefore requires operational flexibility to freely adapt to both indigenous and import supplies.

The Company does not perceive any risks are concerns other than those which are common to industry such as regulatory risks, exchang risks and other commercial & business related risks.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

The Company has laid out comprehensive internal control procedures in all areas of business activities. This system of internal control is ably and efficiently supplemented by internal audit carried out by competent professionals retained by the Company. Areas of risk are identified and categorized and the extent and frequency of audit is decided accordingly. The Audit Committee of the Board regulary reviews internal audit reports. statutory compliances across all functions are also regularly checked and reported to the Board.

HUMAN RESOURCES :

The relation between the employees and the Company remained cordial throughout the year. The Company continues to focus on training and development of the employees.

DISCUSSION OF FINANCIAL PERFORMANCE :

The financial performance of the Company for the year has been discussed in the Director's Report and Cash-flow Statement is annexed with the Annual Accounts.

CAUTIONARY STATEMENT :

Statements in this Management Discussions and Analysis, describing the Company's objectives, projections, estimations may constitute "forward looking statements" within the meaning of applicable laws and regulations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.



CORPORATE GOVERNANCE REPORT

The Detailed report on corporate grievance as per the format prescribed by SEBI and incorporated in Clause-49 of the listing Agreement is set out below:

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCES :

The Company philosophy on the corporate governance envisages the attainment of the high level of transparency and accountability in the function of the Company and assist the top management of the Company in the efficient conduct of its business internally and externally, including its inter action with employees, shareholders, deposit holder, creditors, consumer and institutional and other lenders and places due emphasis on regulatory compliance.

The Company believes that its system and action must be devoted for enhancing corporate performance and maximising share value in the long terms.

2. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

The Board of the Company consist of 6 Directors. Independent Directors are not receiving any remuneration and do not have any other pecuniary relationship or transaction with the Company, its promoters, its management or its subsidiaries, which in the judgement of the Board, may affect independence of the judgement of the Director. The details of composition and categories of Directors are given below :

Sr. No.	Name of Director	Category
1.	Mr. Om Prakash Garg [#]	Promoter and Non Executive
2.	Mr. Ramesh Chand Garg [*]	Promoter and Non Executive
3.	Mr. Govind Prasad Garg	Promoter and Executive
4.	Mr. Saurabh Garg	Promoter and Executive
5.	Mr. Mohan Lal Garg	Promoter and Non Executive
6.	Mr. Chandra Kamal Bhuyan ^{##}	Independent Non Executive
7.	Mr. Brij Mahendra Nandan Singh	Independent Non Executive
8.	Mr. Promod Kumar Mandloi ^{**}	Independent Non Executive

[#] resigned w.e.f. 30.07.2003 ^{##} resigned w.e.f. 01.04.2004
^{*} appointed w.e.f. 30.07.2003 ^{**} appointed w.e.f. 01.04.2004

Board Procedure :

Board Meeting :

During the financial year 2003-2004, the Board of Directors met Nine times. The maximum gape between any two meetings was not more than three months.

AUDIT COMMITTEE :

The Company has constituted an Audit Committee in the Year 2002. The Broad terms of reference of the Audit committee were to review reports of the internal Auditor's and discuss the same with the internal auditors periodically. To meet Statuary Auditors to discuss their finding, suggestion and other related matters. To review weakness in internal controls reported by the internal and Statutory Auditors.

The Company has complied with the requirement of clause 49 II (A) as regards composition of the Audit Committee.

The details of composition of Audit Committee are given below :

Sr. No.	Name of Director	Category
1.	Mr. Mohan Lal Garg	Promoter and Non Executive
2.	Mr. Chandra Kamal Bhuyan (resigned w.e.f. 01.04.2004)	Independent Non Executive
3.	Mr. Brij Mahendra Nandan Singh	Independent Non Executive
4.	Mr. Pramod Kumar Mandloi (appointed w.e.f. 01.04.2004)	Independent Non Executive

Audit Committee meetings are attended by all of the members of committee, executive-in-charge (Finance) and Representative of Internal Auditors. The Company Secretary acts as the Secretary of Audit Committee.

REMUNERATION COMMITTEE

The Board of terms of reference of the remuneration Committee are the recommended to the Board of Salary (Including annual increment), perquisites and commission to be paid to the Company's Managing/Whole time Directors. The Company, however, has not yet introduced Employees' Stock Option Scheme.

INVESTORS GRIEVANCE COMMITTEE

The Board of **K. S. Oils Limited** has constituted a committee of Directors constituting of three members, chaired by non-executive Directors. The shareholders committees approve and monitors transfer, transmission, split, and consolidation of shares and allied matters and also investigate and



K. S. OILS LIMITED

direct redress of shareholders grievances. It is the constant endeavor of the Company to see that share transfer are not kept pending for more than three weeks and investor grievances are resolved to the extent possible within a period of 10 days from the date of the receipt of the compliment.

The details of Board of Directors, Audit Committee, and Share Transfer-cum-Grievance Committee Meeting held during the financial year 2003-2004 are given below :

Meeting of	Date of Meeting	Total members	Attendance by number of Members
Board of Directors	29 th April, 2003	6	6
	22 nd July, 2003	6	5
	30 th July, 2003	5	5
	25 th August, 2003	6	5
	30 th August, 2003	6	5
	31 st October, 2003	6	5
	24 th January, 2004	6	4
	30 th January, 2004	6	3
	12 th March, 2004	6	3
Investors Grievance Committee	The Committee meets once in a month, met 12 times during the Year.	3	2
Audit Committee	29 th April, 2003	3	3
	25 th August, 2003	3	3
	31 st October, 2003	3	3

The details of attendance of each Director at the Board Meeting, Audit, Shareholder, Committee held during the Financial Year 2003-04 and last Annual General Meeting and details of number of outside Directorship and Committee position held by each of the Director are as under :

Sr. No.	Name	Attendance at Board, Committee Meetings, and Annual General Meeting				Outside Directorship and position	
		Board Meeting	Audit Committee	Investor Grievance Committee	Last AGM	Directorship	Committee position
1.	Mr. Om Prakash Garg#	2					
2.	Mr. Ramesh Chand Garg*	5			yes	1	
3.	Mr. Govind Prasad Garg	9		3	yes		1
4.	Mr. Saurabh Garg	3		1			1
5.	Mr. Mohan Lal Garg	8	3	3	yes		3
6.	Mr. Chandra Kamal Bhuyan**	7	3		yes		2
7.	Mr. Brij Mahendra Nandan Singh	7	3		yes		2

resigned w.e.f. 30.07.2003

* appointed w.e.f. 30.07.2003

** resigned w.e.f. 01.04.2004

Remuneration to Executive Directors :

The remuneration paid during the financial year was as follows :

Name of the Directors	Salaries	Perquisites	Total
Govind Prasad Garg	300,000	25,000	325,000
Saurabh Garg	300,000		300,000



Sitting Fees to Non-Executive Directors :

The sitting fees paid during the financial year was as follows :

Name of the Directors	Sitting Fees
Mr. Om Prakash Garg	10,000
Mr. Ramesh Chand Garg	25,000
Mr. Mohan Lal Garg	55,000
Mr. Chandra Kamal Bhuyan	50,000
Mr. Brij Mahendra Nandan	50,000

I) Shareholders Complaints

A Summary of complaints received and resolved by the Company during the year ended on 31st March, 2004 is given below :

Complaints	Received	Resolved
Non-Receipt of share certificates duly transferred	19	19
Non-receipt of dividend warrants	4	4
Miscellaneous	2	2

As on 31.03.2004 there were no pending share transfers.

As required by SEBI, a quarterly certificate has been obtained from a practicing Company secretary certifying that the issued and listed capital of the Company is recognized with the aggregate of the number of shares held by investor in physical mode and the depositories.

As on 31st March, 2004, there was no difference between the issued and listed capital and aggregate of shares held by investors in both physical form and in electronic mode with the depositories.

6. GENERAL BODY MEETING

a) The details of the last 3 Annual General Meeting are as under :

Year	Venue	Date	Time
2000-2001	T. R. Puram, A. B. Road, Morena	28.09.2001	4.00 P.M.
2001-2002	T. R. Puram, A. B. Road, Morena	25.09.2002	4.00 P.M.
2002-2003	T. R. Puram, A. B. Road, Morena	27.09.2003	4.00 P.M.

b) Special Resolution transacted at the last three Annual General Meeting.

(I) At 16th AGM : Resolution for appointment of Whole-time Directors.

(II) At 17th AGM : 1. Appointment of whole time director and managing director.
2. Resolution u/s 293(1)(d)
3. Alteration in Articles of Association

(iii) At 18th AGM : 1. Alteration in Articles of Association
2. De listing of shares from Delhi and Jaipur Stock Exchange

c) No Resolution was put through postal ballot last year.

d) At the moment no business pending to be transacted through postal ballot during the next year.

7. Disclosures :

Disclosure regarding materially significant related party transactions :

No transaction of material nature has been entered into by the Company with its promoters, Directors, or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company. Transaction with related parties are disclosed in Note No. **B 17** of the Schedule **P** to the Accounts in the Annual Report.

Disclosure of non compliance by the Company

There were no instances of non-compliance or penalty imposed on the Company by Stock exchange or SEBI or any other statutory authority on any matter related to Capital market, during the last three years.

8. MEANS OF COMMUNICATION

A. The quarterly and half yearly results of the Company were published during the financial under review in leading newspaper one in the Chautha Sansar English Newspaper and once in the Dainik Bhaskar Hindi Newspaper. Official news releases are sent to the stock exchanges where shares of the Company are listed.

B. Management Discussion and analysis Report Management Discussion and analysis Report forms part of this Annual Report.



K. S. OILS LIMITED

9. GENERAL SHAREHOLDERS INFORMATIONS

Date, Time & Venue of 19th Annual General Meeting

Saturday, 25th September, 2004 at 4.00 P.M. at Jiwaji Ganj, Morena-476 001.

Financial Calendar for the year 2004-2005 (Tentative)

The Company follows April-March as its financial year. The unaudited results for every quarter/half year beginning from April declared in the month following the quarter/half year.

Date of Book Closure :

Monday, 20th September, 2004 to Saturday 25th September, 2004 (both days inclusive).

Dividend payment date : Not Declared.

Listing on Stock Exchange : The Stock Exchange at Mumbai, Delhi Stock Exchange, Jaipur Stock Exchange and Madhya Pradesh Stock exchange.

Stock Code :

At Stock Exchange Mumbai (B.S.E.) 526209

ISIN NO. INE 727D01014

Share Holding Pattern as on March 31, 2004 :

Sr. No.	Category	No. of Shares Held	% of Share-holding
A	PROMOTERS HOLDING		
	1. Promoters		
	- Indian Promoters	3,715,300	74.306
	- Foreign Promoters	0	0
	2. Person acting in concert	132,600	2.652
	Sub-Total	3,847,900	76.958
B	NON-PROMOTERS HOLDING		
	1. Institution Investors		
	a. Mutual Funds and UTI		
	b. Banks, Financial Institution, Insurance Companies, Central State Government Institutions.		
	c. FIIS	600	0.012
	Sub-Total	600	0.012
C	OTHERS		
	a. Private Corporate Bodies	33,589	0.672
	b. Indian Public	1,117,511	22.350
	c. NRIs/OCBs	400	0.008
	d. GDRs	0	0
	Sub-Total	1,151,500	23.030
	GRAND TOTAL	5,000,000	100.000

Market Price Data

The monthly high and low quotations and volume of shares traded at Mumbai ("BSE") Stock Exchange during the financial year 2003-2004 are as under :

Period	High	Low	Volume of shares traded
April, 2003	15.55	5.10	290
July, 2003	14.00	8.42	2,937
August, 2003	9.84	6.18	27,285
September, 2003	9.50	7.62	12,900
October, 2003	7.70	7.15	1,650
November, 2003	8.25	7.10	24,038
December, 2003	18.55	8.50	89,084
January, 2004	19.80	14.75	62,285
February, 2004	14.26	7.31	9,021
March, 2004	7.26	6.80	23,485

Registrar and Share Transfer Agent :

The Company has appointed M/s Ankit Consultancy Pvt. Ltd., 2nd Floor, Alankar Point, Geeta Bhawan Chauraha, A. B. Road, Indore (M. P.) to act as Registrar for demat segment as well as physical segment.

Share Transfer System :

Share transfer requests received in physical form are registered with in 30 days from the date of receipt and demat requests are normally confirmed with in average of 15 days from the date of receipts.



Distribution of Share-holding as on March 31, 2003 :

Share Holding of Nominal Value of (In Rs.)	Shares Holders (Number)	% of Shares Holders	Share Amount (In Rs.)	% of Share Holding
Upto 1000	6,108	84.90	6,097,280	12.20
1001 to 2000	370	5.14	736,160	1.47
2001 to 3000	116	1.61	344,060	0.69
3001 to 4000	74	1.03	293,450	0.59
4001 to 5000	213	2.96	1,063,200	2.13
5001 to 10000	146	2.03	1,206,600	2.41
10001 to 20000	59	0.82	894,500	1.79
20001 to 30000	30	0.42	756,470	1.51
30001 to 40000	8	0.11	291,500	0.58
40001 to 50000	14	0.19	676,810	1.35
50001 to 100000	10	0.14	686,970	1.37
100001 to Above	49	0.68	36,953,000	73.90
	7,197	100.00	50,000,000	100.00

Dematerialization of Share & Liquidity

To enable shareholders have an easy access to the demat system; the Company has educated agreements with both exiting Depositors namely the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has appointed M/s Ankit Consultancy Pvt. Ltd. to act as registrar for the purpose of the electronic connectivity for effecting dematerialization of shares.

Status of Dematerialization of Equity Shares of the Company as on March 31, 2004 as under.

No. of Shares	No. of Shares Holders
2,213,890	1,250

Plant Location :

K. S. Oils Limited

Industrial Area,
A. B. Road, Morena-476 001

Address For Correspondence :

K. S. Oils Limited

Jiwaji Ganj, Morena-476 001 (M. P.)
Ph. : 07532-233951; Fax : 07532-505010



**Auditors 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 31st March, 2004, 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 Year ended 31st March, 2004 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 RATHI & Co.
Chartered Accountants

Place : GWALIOR
Dated : 25th August, 2004

R. S. RATHI
(Partner)

**AUDITORS REPORT
TO THE MEMBERS OF
K. S. OILS LIMITED**

We have audited the attached Balance Sheet of **K. S. Oils Limited** as at 31st March, 2004 and also the Profit and Loss Account and the Cash Flow Statement for the year 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.

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.

We reports as follows :

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in the paragraph 4 and 5 of the said Order.
2. Further to ours comments in the Annexure referred to in Paragraph 1 above, we report that :
 - (a) 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;
 - (b) 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;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of account;
 - (d) 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 of Section 211(3C) of the Companies Act, 1956;

- (e) On the basis of written representations received from the directors, as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and 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 affair of the Company as at 31st March, 2004;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For RATHI & CO.
Chartered Accountants

Place : Gwalior
Dated : 28th June, 2004

R. S. Rathi
(Partner)

ANNEXURE TO THE AUDITORS REPORT

(Referred to in paragraph (1) of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, most of the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.



K. S. OILS LIMITED

- (c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) As explained to us, Inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (iii) (a) The Company had taken loan from the parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of loan taken from such parties was Rs. 268.31 Lacs. The Company has not granted any loans, secured or unsecured to companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (d) There is no overdue amount of loan taken from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory & fixed assets and for the sale of goods. To the best of our knowledge, no major weaknesses in internal control were either reported or noticed by us during the course of our audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements, that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction of purchase of goods and material and sale of goods, material and services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 and aggregating during the year to Rs. 500,000 (Rs. Five Lacs only) or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, material and services as the prices at which transactions for similar goods, material and services have been made with other parties.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58-A and 58-AA of the Companies Act, 1956 and the rules made thereunder with regard to deposit accepted by it. No order has been passed by the Company Law Board.
- (vii) The Company has an 'Internal Audit System' carried through a firm of Chartered Accountants. In our opinion, the scope of audit is commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Company's 'Vanaspati' product. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund,



Employee's State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom-duty, Excised-duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 04 for a period of more than six months from the date of becoming payable.

- (ix) (b) The disputed statutory dues aggregating to Rs. 185.24 Lacs, that have not been deposited on account of matters pending before appropriate authorities are as under :

Sr. No.	Name of the Statute	Nature of the Dues	Forum where dispute is pending	Amount Rs. (in Lacs)
1.	Sales-tax Act	Sales/Commercial/Entry-tax	Deputy/Additional, Commissioner, Sales-tax	177.93 (Net)
2.	Central Excise and Custom Act	Interest/Penalty	Assistant Commissioner, Central Excise	1.71
3.	Central Excise and Custom Act	Custom-duty	Assistant Commissioner, Central Excise	5.60

- | | |
|--|---|
| <p>(x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.</p> <p>(xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks. The Company has not issued any debentures.</p> <p>(xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.</p> <p>(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.</p> <p>(xv) 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.</p> | <p>(xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.</p> <p>(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that funds amounting to Rs. 98.73 Lacs raised on short-term basis have been used for long-term investment for purchase of fixed assets.</p> <p>(xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>(xix) The Company did not have any outstanding debentures during the year.</p> <p>(xx) The Company has not raised any money through public issue during the year.</p> <p>(xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.</p> |
|--|---|

For RATHI & CO.
Chartered Accountant

Place : Gwalior
Dated : 28th June, 2004

R. S. Rathi
(Partner)



K. S. OILS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2004

	SCHEDULE	AS AT 31-03-2004 <i>Rs. (in thousand)</i>	AS AT 31-03-2003 <i>Rs. (in thousand)</i>
SOURCES OF FUNDS :			
Shareholder's Funds			
Share Capital	'A'	49,465	49,352
Reserves and Surplus	'B'	151,883	129,139
Deffered Government Grant		1,937	0
Loan Funds			
Secured Loans	'C'	686,665	624,826
Unsecured Loans	'D'	44,313	42,891
TOTAL		934,263	846,208
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	'E'	404,244	367,581
Less : Depreciation		106,209	91,606
Net Block		298,035	275,975
Capital Work in Progress	'E'	1,937	313
Investments <i>(At Cost)</i> Unquoted National Savings Certificate		4	4
Current Assets, Loans and Advances			
Inventories		938,273	738,426
Sundry Debtors		262,849	246,966
Cash and Bank Balances		39,680	6,658
Other Current Assets		1,218	316
Loans and Advances		25,199	20,568
		1,267,219	1,012,934
Less : Current Liabilities and Provisions	'G'		
Current Liabilities		628,032	438,818
Provisions		4,900	4,200
		632,932	443,018
Net Current Assets (F-G)		634,287	569,916
Contingent Liabilities and Notes to the Accounts	'P'		
TOTAL		934,263	846,208

As per our separate report of even date attached.

For RATHI & CO.

Chartered Accountants

RAMESH CHAND GARG
(Chairman)

GOVIND PRASAD GARG
(Managing Director)

R. S. RATHI

(Partner)

Place : Sarafa Road, GWALIOR

Dated : 28th June, 2004

SANDESH YASHLAHA
(Company Secretary)

19TH ANNUAL REPORT



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

		SCHEDULE	Year ended 31-03-2004 <i>Rs. (in thousand)</i>	Year ended 31-03-2003 <i>Rs. (in thousand)</i>
INCOMES :				
Sales	4,307,162	'H'		
Less Excise Duty (-)	35,781		4,271,381	3,188,647
Export Sales			409,314	171,548
Other Income		'I'	3,502	1,428
TOTAL			4,684,197	3,361,623
EXPENDITURES :				
Raw-Material and Purchases		'J'	4,247,360	3,024,347
Manufacturing Expenses		'K'	155,624	144,976
Selling Expenses		'L'	84,330	68,609
Administrative and Other Expenses		'M'	76,982	63,148
			4,564,296	3,301,080
Add : Opening Stock		'N'	652,533	588,881
			5,216,829	3,889,960
Less : Closing Stock		'O'	656,673	652,533
			4,560,155	3,237,428
Interest			79,446	85,567
Depreciation on Fixed Assets			19,483	18,997
			4,659,085	3,341,992
Operating Profit			25,112	19,631
Less : Prior period Adjustment			83	137
Tax Paid on Assessment			98	171
Provision for Taxation			2,300	1,600
			22,631	18,065
Profit after Tax			22,631	18,065
Balance Brought Forward from Previous Year			43,871	30,806
			66,502	48,871
Amount available for appropriation			66,502	48,871
APPROPRIATIONS				
Amount transferred to General Reserve			5,000	5,000
Balance Carried Forward to Balance Sheet			61,502	43,871
TOTAL			66,502	48,871

As per our separate report of even date attached.

For RATHI & CO.

Chartered Accountants

R. S. RATHI

(Partner)

Place : Sarafa Road, GWALIOR

Dated : 28th June, 2004

RAMESH CHAND GARG

(Chairman)

GOVIND PRASAD GARG

(Managing Director)

SANDESH YASHLAHA

(Company Secretary)



K. S. OILS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

	AS AT 31-03-2004 <i>Rs. (in thousand)</i>	AS AT 31-03-2003 <i>Rs. (in thousand)</i>
SCHEDULE - 'A'		
SHARE CAPITAL :		
AUTHORISED		
1,00,00,000 Equity Shares of Rs. 10/- each <i>(Previous year 1,00,00,000 Equity Shares of Rs. 10/- each)</i>	<u>100,000</u>	<u>100,000</u>
Issued Subscribed and Paid up :		
50,00,000 Equity Shares of Rs. 10/- each	50,000	50,000
Less : Calls in Arrears	535	648
TOTAL	<u>49,465</u>	<u>49,352</u>
SCHEDULE - 'B'		
RESERVES AND SURPLUS :		
Capital Reserve :		
Balance as per last year	1,122	1,122
Share Premium Account :	29,000	
Less : Calls in Arrears	<u>535</u>	28,352
General Reserve :		
Balance as per last year	55,794	55,794
Transferred from Profit and Loss Account	<u>5,000</u>	43,871
Profit and Loss Account :	61,502	43,871
TOTAL	<u>151,883</u>	<u>129,139</u>
SCHEDULE - 'C'		
SECURED LOANS :		
From Banks		
On Term Loan Account	85,366	97,771
Secured against Mortgage, Hypothecation of Factory, Land, Building, Plant and Machinery & First Charge on Fixed Assets of the Company		
On Packing Credit Account	39,209	134,887
Secured against Stock of Raw-Material, Stock in Process, Finished Goods, By-products and Guaranteed by Directors & Second Charge on Fixed Assets of the Company on pari-passu basis		
On Working Capital Demand Loan		
In Indian Rupees	265,825	307,900
In Foreign Currency FCNRB	181,025	0
Secured against Stock of Raw-Material, Stock in Process, Finished Goods, By-products, Hyp. of Books Debts and Guaranteed by Directors & Second Charge on Fixed Assets of the Company on pari-passu basis		
On Cash Credit Account	115,240	84,268
Secured against Stock of Raw-Material, Stock in Process, Finished Goods, By-products, Hyp. of Books Debts and Guaranteed by Directors & Second Charge on Fixed Assets of the Company on pari-passu basis		
TOTAL	<u>686,665</u>	<u>624,826</u>
SCHEDULE - 'D'		
UNSECURED LOANS :		
Other Loans and Advances		
Term Deposit <i>(from Directors, Shareholders and relatives)</i>	30,323	27,057
From Others	13,990	15,834
TOTAL	<u>44,313</u>	<u>42,891</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULE - 'E'

Rs. (in thousand)

FIXED ASSETS :	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As On 01-04-2003	Addition during the Year	Sales during the Year	Total As On 31-03-2004	As On 01-04-2003	Addition during the year	Sales during the Year	Total As On 31-03-2004	As On 31-03-2004	As On 31-03-2003
Land (Leasehold)	4,293	0	0	4,293	0	0	0	0	4,293	4,293
Land (Freehold)	5,091	0	0	5,091	0	0	0	0	5,091	5,091
Building	83,147	3,457	0	86,604	12,098	3,080	0	15,178	71,426	71,049
Plant and Machinery	171,228	20,726	4,312	187,642	41,576	9,773	3,763	47,586	140,056	129,652
Electrical installation	26,111	7,167	0	33,278	7,071	1,202	0	8,273	25,005	19,040
Storage Tank and Vessels	5,671	0	0	5,671	2,660	247	0	2,907	2,764	3,011
Laboratory Equipments	719	0	0	719	185	57	0	242	477	534
Furniture and Fixtures	5,007	145	0	5,152	2,920	368	0	3,288	1,865	2,087
Vehicles	9,568	1,892	1,484	9,976	5,356	1,135	1,117	5,374	4,602	4,212
Air Conditioners	981	99	0	1,080	609	56	0	665	414	372
Office Equipments	7,595	1,101	0	8,696	5,378	587	0	5,965	2,731	2,217
Generator	18,915	5,886	0	24,801	6,457	1,441	0	7,898	16,903	12,458
Boiler	23,184	568	0	23,752	5,007	1,110	0	6,117	17,635	18,177
Trucks	1,225	0	0	1,225	1,113	34	0	1,147	78	112
Weigh Bridge System New	1,930	0	0	1,930	367	217	0	584	1,346	1,563
Gymnasium Equipments	367	0	0	367	52	44	0	96	271	315
Effluent Treatment Plant	2,549	1,418	0	3,967	757	132	0	889	3,078	1,792
GRAND TOTAL :	367,581	42,459	5,796	404,244	91,606	19,483	4,880	106,209	298,035	275,975
PREVIOUS YEAR :	328,961	38,881	261	367,581	72,824	18,997	215	91,606	275,975	

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CAPITAL WORK IN PROGRESS :

	As At 31-03-2004	As At 31-03-2003
Effluent Treatment Plant	0	313
Plant & Machinery	1,937	0
TOTAL	1,937	313



K. S. OILS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

	AS AT 31-03-2004 <i>Rs. (in thousand)</i>	AS AT 31-03-2003 <i>Rs. (in thousand)</i>
SCHEDULE - 'F'		
CURRENT ASSETS, LOANS AND ADVANCES :		
(A) Current Assets		
Interest Receivable	771	316
Inventories <i>(As taken, valued and certified by Management)</i>		
Raw-Materials	255,576	63,055
Finished Goods	625,396	631,452
By-Products	19,733	9,918
Packing materials	11,544	11,163
Stores and Spares	26,024	22,838
	<u>938,273</u>	<u>738,426</u>
Sundry Debtors <i>(Unsecured Considered Good)</i>		
Outstanding for more than six months	1,644	1,574
Other Debts	<u>261,205</u>	245,392
Assets held for disposal	447	0
Cash and Bank Balances :		
Cash in hand	10,570	3,011
Cash at Bank		
On Current Accounts	4,503	740
On Fixed Deposit Accounts	<u>24,607</u>	<u>2,907</u>
	<u>39,680</u>	<u>6,658</u>
TOTAL (A)	<u>1,242,020</u>	<u>992,366</u>
(B) Loans and Advances		
<i>(Unsecured, Considered Good)</i>		
<i>(Advance recoverable in cash or kind or for value to be received)</i>		
Advance to Suppliers and Others	5,201	3,794
Advance to Suppliers for Capital Goods	662	1,216
Sundry Deposits	4,602	4,595
Prepaid Expenses	2,238	1,837
Sales-tax Paid under Appeal	2,110	1,614
Income-tax Advance and TDS	4,753	4,120
Claims Receivable	<u>5,633</u>	<u>3,392</u>
TOTAL (B)	<u>25,199</u>	<u>20,568</u>
GRAND TOTAL (A) + (B)	<u>1,267,219</u>	<u>1,012,934</u>
SCHEDULE - 'G'		
CURRENT LIABILITIES AND PROVISIONS :		
(A) Current Liabilities		
Sundry Creditors for Goods and Expenses	320,430	191,094
Security Deposit from Suppliers/Customers	290,537	229,192
Tax deducted at source	1,546	1,853
Advance from Customers	4,299	5,472
Credit Balance in Bank current account <i>(since adjusted)</i>	6,024	5,139
Other Liabilities	4,901	5,749
Unclaimed Dividend	295	319
TOTAL (A)	<u>628,032</u>	<u>438,818</u>
(B) Provisions		
Provision for Taxation	4,900	4,200
TOTAL (B)	<u>4,900</u>	<u>4,200</u>
GRAND TOTAL (A) + (B)	<u>632,932</u>	<u>443,018</u>

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SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Year ended 31-03-2004 <i>Rs. (in thousand)</i>	Year ended 31-03-2003 <i>Rs. (in thousand)</i>
SCHEDULE - 'H'		
SALES :		
Oil	3,403,933	2,318,076
Vanaspati	633,093	550,495
By-Products/Others	215,199	314,002
Tin/Jars	17,292	0
Packing Material	1,148	4,311
Job work/Consultancy/Export Benefits	716	1,764
TOTAL	4,271,381	3,188,647
SCHEDULE - 'I'		
OTHER INCOME :		
Interest received	507	261
Miscellaneous Income	1,203	1,038
Profit on Sale of Fixed Assets	0	129
Exchange rate difference	1,792	0
TOTAL	3,502	1,428
SCHEDULE - 'J'		
RAW-MATERIAL AND PURCHASES :		
Oil Seed	1,229,494	886,844
Oil	2,658,605	1,713,981
Oil Cake	123,058	198,716
Tin Plate	94,758	48,864
HDPE	17,131	20,593
Packing Material	26,322	26,342
Trading Goods/By-Product	97,992	129,007
TOTAL	4,247,360	3,024,347
SCHEDULE - 'K'		
MANUFACTURING EXPENSES :		
Coal Consumed	28,114	32,900
Chemical Consumed	18,250	17,629
Repairs and Maintenance	13,671	13,218
Hexane Consumed	8,390	5,052
Power and Fuel	61,411	52,378
Wages	17,336	16,492
Laboratory Expenses	509	758
Job Work Charges	1,200	2,887
Tin Manufacturing Expenses	6,743	3,662
TOTAL	155,624	144,976



K. S. OILS LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Year ended 31-03-2004 <i>Rs. (in thousand)</i>	Year ended 31-03-2003 <i>Rs. (in thousand)</i>
SCHEDULE - 'L'		
SELLING EXPENSES :		
Advertisement	472	622
Loading and Unloading	14,109	10,004
Packing Material	14,811	17,850
Brokerage	11,636	7,520
Freight Outward	39,327	27,946
Sales Expenses	3,975	4,667
TOTAL	84,330	68,609
SCHEDULE - 'M'		
ADMINISTRATIVE AND OTHER EXPENSES :		
Salary to Directors	600	600
Employees' Remuneration and Benefit	7,375	6,632
Directors Medical Expenses	25	0
Postage, Telegram and Telephone Expenses	2,118	2,137
Rent, Rates and Taxes	31,022	23,462
Bank Commission	14,425	11,040
Stationery and Printing Expenses	738	466
Travelling and Conveyance Expenses	3,576	3,781
Repair and Maintenance	3,701	2,740
Insurance	8,292	7,206
Miscellaneous Expenses	2,006	1,427
Consultancy, Legal and Professional Charges	2,574	2,591
Public Issue Expenses Written off	0	670
Loss on Sale of Fixed Assets	58	0
Financial Expenses	277	267
Auditors Remuneration		
As Auditors	162	108
For Certification	25	0
Out of Pocket Expenses	8	19
TOTAL	76,982	63,148
SCHEDULE - 'N'		
OPENING STOCK :		
Finished Goods	631,452	554,310
By-products	9,918	4,592
Packing Material	11,163	29,979
TOTAL	652,533	588,881
SCHEDULE - 'O'		
CLOSING STOCK :		
<i>(As taken, valued and certified by Management)</i>		
Finished Goods	625,396	631,452
By-products	19,733	9,918
Packing Material	11,544	11,163
TOTAL	656,673	652,533



SCHEDULE - 'P' CONTINGENT LIABILITIES AND NOTES TO THE ACCOUNTS
FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

(A) SIGNIFICANT ACCOUNTING POLICIES :

- (a) The Company follows the Mercantile System of Accounting and recognizes Income and Expenditure on Accrual basis. The Accounts are prepared on historical cost basis as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.
- (b) Fixed Assets are stated at cost less depreciation except Land which is stated '**At Cost**'.
- (c) Investments are stated '**At Cost**'.
- (d) Inventories are valued as under :
 - Raw-Material : '**At Cost**' (FIFO Basis).
 - Finished Goods : '**At Net Realizable Value**'.
 - Packing Material : '**At Cost**'.
 - Stores & Spares : '**At Cost**'.
 - Trading Goods : '**At Net Realizable Value**'.
 - Assets held for disposal : '**At Net Realizable Value**'.
- (e) Sales are recognized on passing of property in goods i.e. delivery as per terms, consignment sales is recognised on Receipt of Sale Report from Consignee, Net of Consignment Expenses. Sales booked excluding excise duty.
- (f) Contingent liabilities are separately disclosed in the financial statement by way of notes to the accounts.
- (g) Inter-unit transfer of goods are shown as contra items in the Profit and Loss Account to reflect the true economic value of the production inter-se the units, which has no impact on the profits of the Company.
- (h) Depreciation on Fixed Assets is provided on 'Written Down Value Method' except on assets of 'Solvent and Vanaspati Division' where it is provided on 'Straight Line Method' at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs from time to time.
- (i) Transactions in foreign currency are recorded at the rate prevailing on the date of transaction or the rate realized. Current Assets and Current Liabilities not covered by forward contracts are translated at the year end exchange rates. Net loss/gain on such transaction is recognized at the year end. Forward exchange contracts are accounted for by amortising the difference between the forward rate and the exchange rate on the date of the transaction over the life of the contract.
- (j) Entitlement in terms of duty-free imports of Raw-materials, others benefits and duty draw back against export is being accounted for on realisation basis.
- (k) Contribution to Provident Fund and Gratuity Fund are charged against revenue. Gratuity Liability is paid to a Trust created for the purpose jointly with Life Insurance Corporation of India under Group Gratuity Scheme. The premium paid/payable is being charged to Profit and Loss Account on accrual basis.
- (l) 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 a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged.
- (m) Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalized as part of the cost of the assets, up to the date the assets is put to use. Other borrowing cost are charged to the Profit & Loss Account in the year in which they are incurred.
- (n) Current tax is amount of tax payable on the taxable income for the year determined in accordance with provisions of Income-tax Act, 1961.
 Deferred tax liability has been determined in accordance with Accounting Standard-22 issued by Institute of Chartered Accountants of India, based on timing difference expected to arise in foreseeable future. Deferred taxation benefits are recognised where there is virtual certainty of sufficient future taxable income.

(B) NOTES TO THE ACCOUNTS :

- 1. Claims against the Company not acknowledged as debts : '**Nil**'
- 2. Contingent Liabilities in respect of :

	Year ended 31-03-2004 (Rs. in Lacs)	Year ended 31-03-2003 (Rs. in Lacs)
(i) Outstanding Bank Guarantee	797.70	913.86
(ii) Letter of Credits	321.21	3,130.15
(iii) Capital Commitment (Net)	10.63	6.00
(iv) Excise-duty & Custom-duty Demand	7.31	Nil



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3. In the opinion of 'Board of Directors', the Current Assets, Loans and Advances are approximately of the value as stated, if realised, in the ordinary course of business.
4. Advances, Sundry Debtors and Creditors are taken as per books awaiting their respective confirmation.
5. Previous year, figures have been re-arranged or re-grouped wherever necessary.
6. A demand of **Rs. 199.03 Lacs** (Previous year Rs. 156.82 Lacs) has been raised on completion of Sales-tax Assessment up to the year 2000-01 against which the Company has paid **Rs. 21.10 Lacs** (Previous year Rs. 16.14 Lacs) as advance against appeal. No liability has been provided towards the above demand as the Company expects to get relief.
7. Finished Goods Stock, includes goods sent on consignment **Rs. 177.58 Lacs** (Previous year Rs. 301.63 Lacs) against which advance received **Rs. 1.54 Lacs** (Previous year Rs. 8.66 Lacs).
8. Installments of Term Loan due within 12 months are **Rs. 260.00 Lacs** (Previous Year Rs. 254.57 Lacs).
9. Interest paid includes :

	<u>Year ended</u> 31-03-2004 <i>(Rs. in Lacs)</i>	<u>Year ended</u> 31-03-2003 <i>(Rs. in Lacs)</i>
To Bank :		
On Loan for Fixed Period	108.05	123.90
On Other Loans	559.34	579.61
To Others :		
On Loan for Fixed Period	52.81	47.35
On Other Loans	74.26	104.81

10. Managerial Remuneration under Section 198 of the Companies Act, 1956.

	<u>Year ended</u> 31-03-2004 <i>(Rs. in Lacs)</i>	<u>Year ended</u> 31-03-2003 <i>(Rs. in Lacs)</i>
Salary	6.00	6.00
Consultancy/Professional Charges	Nil	3.53
Contribution to Provident Fund	0.19	0.19
Reimbursement of Medical Expenses	0.25	Nil

11. Sale includes inter unit transfers **Rs. 2,761.23 Lacs** (Previous year Rs. 472.82 Lacs).
12. Investment comprises NSC of amount **Rs. 0.04 Lacs** (Previous year Rs. 0.04 Lacs) are held as security deposit with Government Authorities.
13. Fixed Deposit of **Rs. 246.07 Lacs** (Previous year 29.07 Lacs) is under lien with the Bank towards margin against Bank Guarantee & Letter of Credit facilities.

14. Other Income include :

	<u>Year ended</u> 31-03-2004 <i>(Rs. in Lacs)</i>	<u>Year ended</u> 31-03-2003 <i>(Rs. in Lacs)</i>
Other Miscellaneous Income	29.37	11.67
Interest	5.07	2.61

15. (a) Deferred tax liability has been provided in accordance with Accounting Standard-22-Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. The Company has past record of regular capital expenditure. On account of this, Tax Depreciation is regularly higher than Book Depreciation and same trend is to be continued in next years. Being a measure of prudential decision keeping in view of past record and future estimate it is expected that the Tax effect of timing difference shall not be reversed in a long period and same may be treated as permanent difference therefore, no deferred tax liability has been provided.

(b) The Deferred Tax Liability and Assets as on 31.03.2004 is **Nil** (Previous year Nil).

16. In accordance with the Accounting Standard-16 on borrowing cost issued by the Institute of Chartered Accountants of India. Borrowing Costs of **Rs. Nil** (Previous year Rs. 13.06 Lacs) have been capitalised on qualifying fixed assets as against various fixed assets acquired with borrowed fund which resulted in interest have been lower by **Rs. Nil** (Previous year Rs. 13.06 Lacs) and Fixed Assets being higher by **Rs. Nil** (Previous year Rs. 13.06 Lacs) and Net Profit of the Company is higher by **Rs. Nil** (Previous year Rs. 12.71 Lacs).

17. During the year the Company has received a Capital Grant of **Rs. 19.37 Lacs** towards the cost of acquisition of plant & machinery shown under the head "Capital Work-in-Progress". The said grant has been shown under the head "Deferred Government Grant" in accordance with norms laid in AS-12.



18. Related Party Disclosure (As identified by Management) :

(i) Related Party Relationships :

(a) Where control exists	Nil
(b) Key Management Personnel	Shri Ramesh Chand Garg (Chairman) Shri Govind Prasad Garg (Managing Director) Shri Saurabh Garg (Whole-time Director)
(c) Relatives of Key Management Personnel	Om Prakash Garg (Brother of Govind Garg) Vivek Garg (Son of Govind Garg) Vineet Garg (Son of Govind Garg)
(d) Other Related Parties	Kallumal Samaldas K. S. Food Products K. S. Enterprises K. S. Exim Limited T. R. Agritechno Limited

(ii) Transaction with Related Parties {Previous year figure are shown in []} (Rs. in Lacs)

	Type of Related Parties	Description and nature of the transaction	Volumes of transaction during the Year	Amount outstanding as on 31.03.2004 Receivable Payable
(i)	Key Management Personnel	Remuneration Paid	6.00 (6.00)	- -
		Consultancy Paid	Nil (3.53)	
(ii)	Relatives of Key Managerial Personnel	Salary Paid	1.71 (1.33)	- -
		Consultancy Paid	1.08 (0.90)	
(iii)	Other Related Parties	Purchase of goods	6,415.18 (5,478.61)	19.91 1,026.44 (Nil) (225.57)
		Sale of goods	85.64 (31.96)	
		Job charges received	7.16 (12.92)	
		Job charges paid	12.00 (12.00)	
		Rent paid	5.00 (5.94)	
		Rent Received	0.18 (Nil)	
		Interest paid	16.45 (15.24)	
		Consultancy Paid	Nil (2.25)	

19. **Earning per Share :**

	2003-04	2002-03
(a) Net Profit after Tax available for Equity Shareholders (Rs./Lacs)	226.31	180.65
(b) Weighted average number of equity shares of Rs. 10/- each outstanding during the year (Nos. of Shares)	4,946,500	4,935,166
(c) Basic/Diluted earning per Shares (Rs.) (a/b)	4.58	3.66

20. Figures have been rounded off to the nearest to the '000 Rupees.

21. (a) No amount has been claimed from the Company under the Interest on Delayed Payments to Small Scale and Ancillary Undertakings Act, 1993.

(b) Sundry Creditors includes **Rs. 44.50 Lacs** (Previous year Rs. 20.65 Lacs) due to Small Scale Undertakings.

(c) Small Scale Industries undertakings to whom on amount of Rs. 1.00 Lac or more was payable and outstanding for more than 30 days, which were within the agreed terms, are :

- Gupta Packaging Product
- Ritham Polymers Private Limited
- Sonika Textiles Private Limited
- Suman Corrogation Private Limited



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22. Statement of additional Information.

Class of Goods Manufactured :

(A) **Capacity** : (As Certified by Management and Accepted by Auditors)

	Unit	Licensed	Installed	
			Current year	Previous year
Mustard Oil	M.T.	N/A	25,920	12,960
DOC	M.T.	N/A	133,200	133,200
Solvent Extracted Oil	M.T.	N/A	43,200	43,200
Refined Oil	M.T.	N/A	44,100	44,100
Vanaspati Ghee	M.T.	N/A	45,000	45,000
Tin Containers	Nos.	N/A	3,600,000	3,600,000
HDPE Jars	Nos.	N/A	1,800,000	1,800,000

(B) Trading and Production Data :

	Year ended 31-03-2004		Year ended 31-03-2003	
	Qty. in M.T.	Value in Rs. (Lacs)	Qty. in M.T.	Value in Rs. (Lacs)
OPENING STOCK				
Oil	13,087	5,502.85	15,833	4,641.90
DOC	9,877	731.66	14,009	875.73
Vanaspati Ghee	204	74.08	84	25.47
By-Product/Packing Material/Trading Goods		192.34		170.26
Empty Tin (in Nos.)	69,119	24.39	461,670	175.44
PRODUCTION				
Oil	38,635		50,250	
DOC	69,972		69,720	
Vanaspati Ghee	14,880		14,229	
Empty Tin (in Nos.)	3,058,568		160,237	
PURCHASES				
Oil	32,279	13,602.59	11,760	3,700.61
DOC	11,847	979.92	12,852	1,290.07
Vanaspati Ghee	0	0.00	0	0
By-Product/Packing Material/Trading Goods		263.22		102.82
Empty Tin (in Nos.)	0	0.00	444,447	160.60
SALES				
Oil	71,674	34,039.33	64,756	23,180.76
DOC	81,213	5,999.36	86,704	4,410.42
Vanaspati Ghee	14,387	6,330.93	14,109	5,504.95
By-Product/Packing Material/Trading Goods		264.42		505.82
Empty Tin (in Nos.) (Captive Consumption)	2,675,513	0.00	2,444,235	0.00
Empty Tin (in Nos.) (Sales)	393,000	172.92	0	0.00
CLOSING STOCK				
Oil	12,327	5,173.16	13,087	5,502.85
DOC	10,483	901.33	9,877	731.66
Vanaspati Ghee	697	323.14	204	74.08
By-Product/Packing Material/Trading Goods		148.82		192.34
Empty Tin (in Nos.)	59,174	20.29	69,119	24.39
RAW MATERIAL CONSUMED				
Mustard Seed	32,122	6,540.10	53,917	7,934.45
Soyabean Seed	40,886	5,655.26	6,759	933.99
Sunflower Seed	605	99.58	0	0.00
Oil	18,114	7,249.20	26,049	8,618.70
Palm/Other Oil	15,856	5,734.26	15,351	4,820.49
Tin Plate	2,919	947.58	1,492	488.64
Oil Cake	19,378	1,230.58	36,095	1,987.16
HDPE	387	171.31	383	205.93
23. CIF value of Import				
Raw Material (Oil)		9,030.67		8,654.78
24. Expenditure in Foreign Currency				
Others		1.02		6.17
25. Earning in Foreign Currency				
On Export of Goods (F.O.B. Basis)		4,093.14		1,715.48

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26. SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2004

Primary Segment Reporting-Business Segment

(Rs in Lacs)

Sr. Particulars No.	Oil Division	Refinery Division	Vanaspati Division	Solvent Division	Unallocated	Total
1. REVENUE						
External Sales-Domestic	22,349.51	10,352.70	6,442.44	3,503.62	65.54	42,713.81
-Exports	--	--	--	4,093.14	--	4,093.14
Total External Sales	22,349.51	10,352.70	6,442.44	7,596.77	65.54	46,806.95
Add : Inter Segment Sales	221.50	--	--	2,539.73	--	2,761.23
Total Sales	22,571.01	10,352.70	6,442.44	10,136.50	65.54	49,568.19
Less : Inter Segment Sales	221.50	--	--	2,539.73	--	2,761.23
Total Revenue	22,349.51	10,352.70	6,442.44	7,596.77	65.54	46,806.95
2. RESULTS						
Profit before Interest, Depreciation & Taxation	958.40	256.28	189.35	-140.25	-30.25	1,233.53
Less : Depreciation	66.95	--	71.20	56.01	0.67	194.83
Profit after Depreciation	891.45	256.28	118.15	-196.26	-30.92	1,038.70
Less : Interest (Net)	314.52	157.69	172.29	144.99	-0.10	789.39
Less : Provision for Taxation	--	--	--	--	--	23.00
Profit after Tax	576.94	98.59	-54.15	-341.25	-30.82	226.31
OTHER INFORMATION						
3. Segment Assets	8,248.21	485.52	2,134.56	4,572.66	230.00	15,670.95
4. Segment Liabilities	5,520.36	104.19	372.57	113.23	219.99	6,328.34
5. Capital Expenditure (include Capital work in progress)	262.55	--	162.04	--	--	424.59
6. Segment Depreciation	66.95	--	71.20	56.01	0.67	194.83
7. Net Cash Expenses other than Depreciation	--	--	--	--	--	--

NOTES :

- The Company has identified business segment as primary segments. The reportable business segments are "**Oil Division**", "**Refinery Division**", "**Solvent Division**" and "**Vanaspati Division**" based on industry and product lines.
The type of products in each business segment are as under :-

(a)	Oil Division	-	Mustard Oil, Cake, Tin Container, HDPE Jars
(b)	Refinery Division	-	Refined Oil, Tin Container, HDPE Jars
(c)	Solvent Division	-	Solvented Oil, De-oiled Cake
(d)	Vanaspati Division	-	Vanaspati Ghee, Tin Container, HDPE Jars
- (a) Items of Expenses and Income, Assets and Liabilities (including borrowing, Provision for Taxation and Advance-tax) which are not directly attributable/identifiable/allocable to business segment are shown as unallocated.
(b) Inter segment transfers are done at actual transfer prices.
- Secondary Segment information - Geographical Segments
The Sales of the Company are mainly in India the export turnover is not significant in the context of total turnover. There are no reportable Geographical Segments.

Signature of Schedules 'A' to 'P'.

As per our separate report of even date attached.

For RATHI & CO.

Chartered Accountants

RAMESH CHAND GARG

(Chairman)

GOVIND PRASAD GARG

(Managing Director)

R. S. RATHI

(Partner)

Place : Sarafa Road, GWALIOR

Dated : 28th June, 2004

SANDESH YASHLAHA

(Company Secretary)



K. S. OILS LIMITED

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2004

	As At 31-03-2004 <i>Rs. (in thousand)</i>	As At 31-03-2003 <i>Rs. (in thousand)</i>
A. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary items	25,029	19,493
Adjustments for :		
Depreciation	19,483	18,992
Loss on Sale of Assets	58	0
Share Issue Exp. Written Off	0	670
Interest Received	-507	-261
Interest Paid	79,446	85,567
Provision for Taxation	-2,300	-1,600
Provision for taxation no longer required	-98	171
Operating Profit before Working Capital Changes :	121,111	122,908
Adjustments for :		
Trade and Other Receivables	-21,415	-63,206
Inventories	-199,848	10,127
Trade payables and Provisions	264,158	35,279
Cash generated from operations	164,006	105,108
Interest Paid	-79,446	-85,567
Cash Flow before extraordinary items	84,560	19,541
Net Cash from Operating Activities (A)	84,560	19,541
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	-42,459	-38,881
Sale of Fixed Assets	857	175
Capital Work in Progress	-1,624	18,506
Interest Received	507	261
Subsidy Received	1,937	0
Net Cash used in Investing Activities (B)	-40,782	-19,939
C. Cash Flow from Financing Activities :		
Proceeds from issue of Share Capital/Premium	227	0
Proceeds from Long Term Borrowings	-12,406	-4,815
Dividend Paid	0	0
Unsecured Loan	1,423	2,912
Net Cash used in Financing Activities (C)	-10,756	-1,903
Net increase in Cash and Cash Equivalents (A+B+C)	33,022	-2,301
Opening Balance of Cash and Cash Equivalent	6,658	8,959
Closing Balance of Cash and Cash Equivalent	39,680	6,658

As per our separate report of even date attached.

For RATHI & CO.
Chartered Accountants

RAMESH CHAND GARG
(Chairman)

GOVIND PRASAD GARG
(Managing Director)

R. S. RATHI
(Partner)

Place : Sarafa Road, GWALIOR
Dated : 28th June, 2004

SANDESH YASHLAYHA
(Company Secretary)



PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No. State Code

Balance Sheet Date :

II. Capital Raised during the year (Amount in Rs. Thousands) :

Public Issue <input type="text" value="NIL"/>	Right Issue <input type="text" value="NIL"/>
Bonus Issue <input type="text" value="NIL"/>	Private Placement <input type="text" value="NIL"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand) :

Total Liabilities <input type="text" value="1567195"/>	Total Assets <input type="text" value="1567195"/>
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Sources of Funds :

Paid up Capital <input type="text" value="49465"/>	Reserve and Surplus <input type="text" value="153820"/>
Secured Loans <input type="text" value="686665"/>	Unsecured Loans <input type="text" value="44313"/>

Application of Funds :

Fixed Assets <input type="text" value="299972"/>	Investments <input type="text" value="4"/>
Net Current Assets <input type="text" value="634287"/>	Misc. Expenditure <input type="text" value="NIL"/>
Accumulated Losses <input type="text" value="NIL"/>	

IV. Performance of the Company (Amount in Rs. Thousand) :

Turnover (Gross Revenue) <input type="text" value="4684197"/>	Total Expenditure <input type="text" value="4659085"/>
Profit before Tax <input type="text" value="25112"/>	Profit after Tax <input type="text" value="22631"/>
Earning per Share <input type="text" value="4.58"/>	Dividend Rate (%) <input type="text" value="0"/>

V. Generic Names of Three Principal Products/Services of the Company :

(As per Monetary Terms)

Item Code No. (ITC Code)

Product Description

Oil cake and Oil cake meal of Mustard Seed, Solvent Extraction (Defatted) variety.

Oil cake and Soyabean, Solvent Extracted (Defatted) variety.

Solvent Extracted Oil.

Hydrogenated Vegetable Oil.

Place : MORENA
Dated : 28th June, 2004

RAMESH CHAND GARG
(Chairman)

GOVIND PRASAD GARG
(Managing Director)

SANDESH YASHLAHA
(Company Secretary)

FORM OF PROXY



K. S. OILS LIMITED

Regd. Office : Jiwaji Ganj, MORENA-476 001 (M. P.)

Regd. Folio No.
DP ID
Client ID
No. of Share held

I/We _____
of _____ in the district of _____
being the member/members of the above named Company hereby appointed
_____ of _____ in
the district of _____ or failing him _____
of _____ in the district _____
as my/our proxy to vote for me/us behalf at the 19th Annual General Meeting of the Company to be held on Saturday the 25th
September, 2004 at 4.00 P.M. and at any adjournment thereof.

Signed this _____ Day of _____, 2004

Signature _____

(On Re. 1/- revenue stamp)

NOTE :

The proxy and the power of attorney (if any) under which it is signed or a notarially certified copy of that power must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

ATTENDANCE SLIP



K. S. OILS LIMITED

Regd. Office : Jiwaji Ganj, MORENA-476 001 (M. P.)

Regd. Folio No.
DP ID
Client ID
No. of Share held

(To be handed over duly filled in the entrance of the meeting hall)

Name of attending Members/Proxy* (In BLOCK LETTERS) _____

Member's Folio No. _____

No. of Shares Held _____

I hereby record my presence at 19th Annual General Meeting.

Member's Proxy Signature**

* Please strike off whichever is not applicable

** to be signed

NOTE : As a measure of economy of the Annual Report, it will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.