



K S Oils registers strong growth in Q2 FY 09-10 on the back of strong domestic consumer demand

Net sales increased by 29% to Rs. 947 crores and Net profit increased by 19% to Rs. 50.18 crores

Quarter highlights:

- Kalash and Double Sher register increased growth and sales across India.
- The company added 2 C&F agents, 97 distributors, launched its products in over 100 new towns during the quarter; taking the total number to over 1,133 distributors in 1,200 cities covering 375 districts all over India, reaching out to over 1,70,000 retailers.

Mumbai, October 29 , 2009: K S Oils Limited, one of India's leading FMCG led integrated edible oil company and the leader in branded mustard oils, continued its growth journey on the back of a strong consumer demand. The company clocked a turnover of Rs. 947 crores during the second quarter FY 09-10. This is an increase of 29% from Rs. 734 crores during the corresponding period of the previous year.

India's consumption story remains unabated. Strong consumer demand and newer market penetration, especially in rural areas helped the company register higher per unit margins and register higher profits. The company reported a profit after tax (PAT) of Rs. 50.18 crores for the quarter ended September 30, 2009 as compared to Rs. 42.22 crores during the corresponding period of the previous financial year.

Announcing the results, **Mr. Sanjay Agarwal, Managing Director, K S Oils** said, "The Indian consumption story is strong as ever. Robust local consumption led demand and our brands Kalash and Double Sher led FMCG brand play is helping us get higher volumes and better margins. We believe the next round of sustainable growth will come from small cities, towns and rural India. We are geared to create a Pan India presence and reach out to consumers in the heartlands through products which are pure and healthy, convenient and value for the entire family. We will persist to leverage our portfolio of dominant brands to strengthen leadership in our core categories."

KS Oils Limited

Jiwajiganj, Morena - 476001 (MP) India.

Phone : +91-7532-300000 • Fax : +91-7532-405060 & 300106

Email : mail@ksoils.com • Website : www.ksoils.com

BSE: 526209 • NSE:KSOILS • Bloomberg:KSO@IN • Reuters:KSOI.BO



He further added, “The Government of India’s strong campaign against adulteration in mustard oil has helped organized players like us. A distinct consumer shift to branded mustard oil brands for quality, purity and guarantee of good health is helping brands like Kalash grow on a pan India level.”

K S Oils is making steady progress in reaching out to both urban and rural India. While it is aided by modern retail in urban India, in Tier II, Tier III and rural towns it is creating a deep local distribution and retail network. In the current quarter the company added 2 C&F agents, 97 distributors, launched its products in over 100 new towns during the quarter; taking the total number to over 31 C&F agents, 1,133 distributors in 1,200 cities covering 375 districts all over India, reaching out to over 1,70,000 retailers. Its Pan India reach includes the states of North East (7 states), West Bengal, Bihar, Jharkhand, Uttar Pradesh, Uttaranchal, Delhi, Punjab, Haryana, Himachal Pradesh, J&K, Rajasthan, Madhya Pradesh, Chhattisgarh and Orissa.

In modern retail, the company is making deep strides through national retail chains and today has tie ups with major organized modern format chains, both nationally and at state levels. Joint promotional and display strategy with the retailers are being organized to ensure consumers test buy the brands in new markets. Along with this, the company is driving local level advertising and marketing campaigns in each of its key cities.

The company continues to build significant scale in palm oil plantations globally with over 1, 38,000 acres of palm plantation land under development in Indonesia and Malaysia. Like other parts of the world, in India, palm oil is the most consumed edible oil. Today, over 50% of the Indian edible oil demand is being met through imports of which Palm constitutes as high as 80%. Successful agri-asset creation like palm oil plantations across the globe by Indian companies will help build a self reliant food security for Indian consumers. The branded play in mustard oil which KS did successfully in last 3 years will be replicated by the company in the soybean and palm oil sector also.

To ensure purity, health and quality, Indian consumers are slowly but steadily shifting to branded edible oil offerings. KS has recently launched Kalash Soya and KS Gold Palm oil and is getting a good response. The company is building its palm oil brand on the basis of its superior packaging and deep distribution network. Also, with offerings across mustard, soybean and palm oils, the company is tapping the Indian customer across the entire economic value chain. Premium products of KS in mustard and soybean oil are being consumed by the rich and middle class of Indians while palm oil is addressing the huge demand potential among consumers in the Bottom of the Pyramid (BOP) class. Palm oil is also being supplied to the institution category.

The company believes it will create leadership and aim significant market share in the branded soybean and palm oil market, similar to its leadership position in branded mustard oil. The company is focused on building brands on quality, trust and health. As a result of the above moves, the company is focusing on a consolidation strategy which is creating scale for KS and result in it becoming one of the top 3 FMCG edible oil companies in India in the next 2 years.

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Corporate Developments

Acquisition

K S Oils is going ahead with its backward integration project to develop palm plantations in Indonesia and Malaysia. During the quarter, the company acquired an additional 53,000 acres of land for palm plantations in Indonesia, owning a total land bank of 1,38,000 acres. The Indonesian and Malaysian oil palm foray will assure supply of palm oil to India. The acquisition and funding was done through K S Oils fully owned subsidiary K S Natural Resources, Singapore.

About K S Oil Limited (www.ksoils.com): K S Oils Limited is a leading Fast Moving Consumer Goods edible oil player from India with two leading brands, Double Sher and Kalash. With a wide range of product offerings across all edible oils, like mustard, soyabean and palm oil, its products are available under the brand name of Kalash and Double Sher. With an FMCG-led brand focus, the company's promise is to deliver purity, nutrition and health to millions of Indian consumers. Additionally, over the past two decades, the company has built significant market share across product categories. A professionally managed company, with operations across four countries in South Asia - India, Singapore, Indonesia and Malaysia, K S Oils is creating value across the entire edible oil food supply chain. Today, the company has attracted the best investors with three leading Private Equity players, CVC International, Barings Private Equity and The New Silk Route Partners (NSR) owning significant stake in the company and partnering in its growth. The company follows a sustainable environment-friendly business practice which ensures a better and healthier tomorrow for its consumers and other stakeholders.

