



## K S Oils continues its South East Asia foray of adding palm oil plantations

### Quarter highlights:

- Acquires an additional 53,000 acres of land for palm oil plantations in Indonesia, owning a total land bank of 1,38,000 acres
- The company will entail an investment of Rs. 380 crores to develop this plantation over the next three years
- The acquisition and funding has been done through K S Oils fully owned subsidiary KSNR Pte. Singapore and there would be no fund infusion or equity dilution in K S Oils, India.

### **K S Oils becomes the largest Indian land bank owner of Palm Plantations in Asia**

**Mumbai, October 07 , 2009:** K S Oils, India's leading integrated edible oil food companies, continues its focus on South East Asia to build plantation assets. Today, it announced the further acquisition of 53,000 acres of land for palm oil plantations in Indonesia. This is the third tranche of land parcel acquired by the company; it has previously acquired 85,000 acres in two deals in 2008 and 2009. After this acquisition, the company's land bank in Indonesia stands at 1,38,000 acres, the largest owned by any Indian company.

The total development cost of the project will be Rs.380 crores spread over three years. The funding will be done through the wholly owned subsidiary K S Natural Resources, Singapore. KSNR has recently tied-up for an equity infusion of Rs.375 crores from its parent, K S Oils Ltd., India which in turn raised Rs.450 crores through PE Investors and promoter group. Thus, there would be no fund infusion or equity dilution required in K S Oils, India.

The company with this acquisition has ventured into the highly fertile land at KALIMANTAN island of Indonesia where the majority of the new plantations are coming up. Kalimantan has the most fertile land enjoying the world's highest yield for palm oil. The land lies on the equator of the earth thus enjoying rains every second day and bright sunshine throughout the year. In the future, K S Oils will also look for similar acquisitions in Kalimantan Island. Indonesia currently has the lowest per hectare cost of production for palm, and its production of palm oil is highest in the world.

**KS Oils Limited**

Jiwajiganj, Morena - 476001 (MP) India.

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

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

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



Commenting on the acquisition, **Sanjay Agarwal, MD, K S Oils Ltd. and Director, KSNR Singapore Pte. Ltd., said,** “We are following the footsteps of global agri-companies in building self-owned palm plantations in Indonesia, the lowest cost producer of crude palm oil in the world. In the long term, this will complement our front end strategy of a refinery in East India to reinforce our market leadership in East and other parts of India. With significant cost efficiencies and value offerings to our quality conscious consumers, this strategy will create predictability and visibility for the company’s business in the long term. K S Oils will continue to re-invest globally with specific focus on South East Asia, in agri-asset opportunities to strengthen its integrated supply chain strategy.”

**Palm is the most profitable of all edible oils:**

Palm is the most oil yielding crop on per hectare (ha) basis. Palm is the India's highest consumed oil with almost 35% share of the total edible oil consumption; the global share of palm oil among all edible oil consumed is 26%. Table showing a comparison of various oils on per ha yield basis:

Oil	Per ha yield
	Global average
<b>Soyabean</b>	440 kgs of oil per ha
<b>Rapeseed</b>	750 kgs of oil per ha
<b>Palm</b>	3,740 kgs per ha

The intention of the company is to capture the most profitable part of the entire value chain. The Palm plantation business is highly profitable with 50 – 60% EBIDTA margins. This will take KSNR to develop now totally 138,000 acres yielding 215,000 MTS of palm oil about 4% of India's total palm oil requirement and 60% of K S Oils own requirement.

The acquisition is part of K S Oils’ long term strategy to build an integrated backed supply chain of raw materials like crude palm oil (CPO). The current acquisitions will help the company become self sufficient in the long term in its raw material requirements for palm oil. Substantial cost reduction, enhanced quality of inputs and control over the raw material supply chain will help the company build predictability in its business model, and also meet the increased demand for palm oil from consumers in India.

K S Oils is the first Indian company to join the list of international food companies to develop sustainable backend assets of raw materials like palm plantations in Indonesia, to ensure steady and reliable product supply for its Indian consumers. The company is committed to sustainable development of palm plantations through superior operational efficiency, and by employing best plantation management techniques, transportation infrastructure and on-site value additions. Globally, palm oil enjoys the highest consumption rate amongst all other edible oils. Thus, K S Oils is ensuring a front end strategy of serving the consumer with

## 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



its entire range of edible oil offerings – palm, mustard and soybean under its premium brands of Kalash, Double Sher and K S Refined.

Today palm oil is the most consumed edible oil in India due to its affordability, and the demand is steadily increasing. Global agri-companies own and have invested in palm plantations in South-East Asia to ensure sustained supply of raw material at value prices. Indonesia and Malaysia are key destinations for investments in palm plantations assets by global agri-companies, due to the high yields and business friendly government policies. K S Oils is following a tried and tested business model in its acquisitions similar to global agri-companies, and is securing the product supply chain to ensure food security in India.

**About K S Oil Limited (www.ksoils.com):** K S Oils Limited is a leading edible oil food company from India with two leading brands Kalash and Double Sher. 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. 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 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. The company has a 100% owned subsidiary, K S Natural Resources Pte. Ltd. headquartered in Singapore which drives all international business.

For more information on K S Oils or its subsidiary, please visit [www.ksoils.com](http://www.ksoils.com) or [www.ksnr.com.sg](http://www.ksnr.com.sg)

