

## 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



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## KS Oils to spend 7.5 bln rupees on palm plantation

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MUMBAI, June 24 (Reuters) - KS Oils Ltd (KSOI.BO: Quote, Profile, Research) said on Wednesday it will utilise 7.5 billion rupees over three years to develop 85,000 acres of palm plantation in India, enabling it to produce cheaper crude palm oil (CPO), a key raw material.

"KS Oils, through its international subsidiary, K S Natural Resources Pvt Ltd, Singapore, has planned an outlay of Rs 750 crore (7.5 billion rupees) to acquire and develop palm plantations and related assets like CPO mills," it said in a statement.

The expansion will be through a mix of equity and debt and the firm has spent about 900 million rupees in the palm Indonesian plantation project so far.

The edible oil maker said earlier on Wednesday that it acquired an additional 35,000 acres of palm plantation land in Indonesia, taking its total land bank there to 85,000 acres.

The company said private equity firms -- New Silk Route, Citi Venture Capital and Barings Private Equity Asia -- recently injected about 4.5 billion rupees as equity infusion in KS Oils.

Of this, 3.75 billion rupees will be used in developing the palm plantation assets in Indonesia.

The balance will be used to double capacity at its Haldia refinery to 1,000 metric tonnes a day.

"With the current acquisition, KS stands to gain self sufficiency in its key raw material crude palm oil," it said, adding it will also ensure substantial savings.

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"From the current buying price of CPO at \$700 per metric tonne from the open market, it will be able to produce its own CPO at a cost of \$300 per MT ex-Indonesia," it added.

The Indonesia palm plantations will start producing CPO from 2012, it said.

KS Oils shares ended up 3.04 percent at 61.05 rupees in a firm Mumbai market.

