



KS Oils acquires more land for palm plantation

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Hyderabad, Oct 7: As part of its focus on South East Asia, KS Oils has further acquired 53,000 acres in Kalimantan 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). KSNR has recently tied-up for an equity infusion of Rs 375 crore from its parent, KS Oils Ltd., India which in turn raised Rs 450 crore through PE investors and promoter group.

Speaking to *FE* from Indonesia, Sanjay Agarwal, MD, KS Oils and Director, KSNR Singapore Pte Ltd., said that the company aims to become Rs 5,000 crore-Rs 6,000 crore in the next three years.

"With the present land bank in Indonesia, we are banking on the new venture as we have sound business-friendly government policies apart from high yielding varieties," he said.

Indonesia currently has the lowest per hectare cost of production for palm and its production of palm oil is highest in the world. "We would also be looking at trading activities in Indonesia to supplement our long-term strategy," Agarwal said.

The acquisition is part of KS Oils' long term strategy to build an integrated backed supply chain of raw materials like crude palm oil. The current acquisitions will help to 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. In 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, he added