



**McLEOD RUSSEL INDIA LIMITED**  
**4, Mangoe Lane,**  
**Kolkata 700001**

**Information Update**

Coverage of this update :-

- Financial results for the quarter and nine months ended 31st December, 2011
- Company management's understanding on future outlook
- Phu Ben Tea Company, Vietnam
- McLeod Russel Uganda Limited, Uganda
- Gisovu Tea Company, Rwanda

| Highlights for the <b>nine months</b> ended 31 <sup>st</sup> December, 2011 :- |                         |                    |                   |                |
|--------------------------------------------------------------------------------|-------------------------|--------------------|-------------------|----------------|
| Sl.No.                                                                         |                         | 2011-12            | 2010-11           |                |
| 1.                                                                             | Selling Price           | Rs.154.85 per kg * | Rs.148.84 per kg. | (+) Rs. 6.01   |
| 2.                                                                             | Operating Profit        | Rs.394.87 Crores   | Rs.358.31 Crores  | (+) 10%        |
| 3.                                                                             | Net Profit (Standalone) | Rs.377.67 Crores   | Rs.355.17 Crores  | (+) 6%         |
| 4.                                                                             | Sales Quantity          | 614 Lakh Kgs.      | 571 lakh kgs.     | (+)43 lakh kg. |
| 5.                                                                             | Crop                    | 786 lakh kgs.      | 724 lakh kgs.     | (+)62 lakh kgs |

| Highlights for the <b>quarter</b> ended 31st December, 2011 :- |                         |                    |                   |                |
|----------------------------------------------------------------|-------------------------|--------------------|-------------------|----------------|
| Sl.No.                                                         |                         | 2011-12            | 2010-11           |                |
| 1.                                                             | Selling Price           | Rs.152.91 per kg * | Rs.149.28 per kg. | (+) Rs. 3.63   |
| 2.                                                             | Operating Profit        | Rs.126.52 Crores   | Rs.140.72 Crores  | (-) 10%        |
| 3.                                                             | Net Profit (Standalone) | Rs.117.11 Crores   | Rs.135.31 Crores  | (-) 13%        |
| 4.                                                             | Sales Quantity          | 256 Lakh Kgs.      | 245 lakh kgs.     | (+) 11 lakh kg |
| 5.                                                             | Crop                    | 197 lakh kgs.      | 218 lakh kgs.     | (-) 21 lakh kg |

\* Without considering the Mark to Market loss of Rs. 4.40 crores on forward booking of foreign exchange against exports to be completed in last quarter.

**Review of Operations :-**

➤ **Sales & Prices:**

Production shortfall last year in North India coupled with strong consumption growth In India created further shortfall in the pipeline stock



at the beginning of the year. This resulted in strong opening prices for the new season teas. However, Tea prices came off from its peak on the backdrop of strong production up to September. Tea prices for the Company was higher by Rs.6.01 (Nine months) per kg as compared to last year. Total Sales Volume was higher by 43 lakh kgs as compared to same period last year.

Total Exports for the Company during nine months was higher by 1.9 Million kgs at 19.5 million kgs.

#### ➡ **Production :**

Production from own leaf was lower by 21 lakh kgs during the quarter mainly due to early winter in North East India. However, Production for nine months ended was higher by 30 lakh kgs on ideal weather during the peak season as compared to unfavorable weather last year. Production from bought leaf was higher by 32 lakh kgs.

#### ➡ **Operating Result :**

Operating Earning Before Interest and Tax for the nine months is higher at Rs. 394.87 crores as against Rs. 358.31 crores during the same period last year. This is mainly attributed on higher crop and higher price realization. Staff cost has increased by Rs. 29 crores during nine months on account of revision of wages in tea estates effective 1<sup>st</sup> April 2011(including Dooars) and revision of salaries for executive staff. Consumption of Raw Material (cost of bought leaf) is higher by Rs.24 crores on higher volume. Power & Fuel cost is higher by Rs. 18 crores due to increase in all the components and higher volume. A provision of Rs. 4.40 crores has been made under Sales for the mark to market loss on forward booking of foreign exchange against exports to be completed in 4<sup>th</sup> quarter.



## **OUTLOOK :**

### **● Global Production :**

Dry weather conditions in Kenya and other African Countries during first four months of 2011 has affected the production. Tea production in these countries is estimated to be lower by 30 million kgs till November.

### **● Indian Production :**

Indian Production is estimated at record 938 million kgs from January to November as compared to 908 Million Kgs last year. The increase has come from plantation in North India due to ideal weather conditions up to September. Early winter in North East India has affected the production during quarter ended 31<sup>st</sup> December 2011 losing approx. 15 million kgs of crop. Indian production for the year 2011 may range between 990-995M kgs.

### **● Tea Prices & Costs :**

Lower opening inventory in India and higher production in India on favorable weather condition and strong consumption growth has stabilized the domestic prices after strong price trend upto June. Export prices for CTC teas are higher by Rs. 10 per kg due to Production shortfall in Kenya and Other African Countries. With the loss of crop in North India during the quarter and judging by the price trend for the end season teas, the prices for the new season tea (March) is expected to open higher than last year.

Increase in wages due to revision as per agreement, increase in fuel cost due to increased prices and normal increase in other costs should get offset with higher production. Costs per kg are expected to increase by Rs.3 per kg during the year.

### **● Phu Ben Tea Company, Vietnam :**

During the year ended 31<sup>st</sup> December Phu Ben achieved a total production of 5.4 million kgs of tea as against 4.6 million kgs for the same period last year. The Company recorded EBDITA USD 0.9 million on a sales turnover USD 9 million with average of USD 1.75 per kg.



● **McLeod Russel Uganda Limited, Uganda :**

During the year ended 31st December 2011 McLeod Russel Uganda achieved a total production of 16.2 million kgs of tea as against 16.8 million kgs for the same period last year. The Company recorded EBIDTA USD 12 million on a sales turnover USD 31 million with average of USD 1.95 per kg. MRUL is estimated to record net profit of USD 10 million for the year, substantially higher than last year.

● **Gisovu Tea Company, Rwanda :**

During the year ended 31st December 2011 Gisovu Tea Company achieved a total production of 1.9 million kgs of tea. The Company recorded EBIDTA USD 3 million on a sales turnover USD 5.1 million with average of USD 3.40 per kg. Gisovu Tea Company's results will be consolidated with the Company for the first time. Acquisition of 60% stake of Gisovu was completed in the month of November, 2011.

**Notes on this updates:**

1. MRIL's Investor Relations activities are co-ordinated by Mr. Amitava Guha Sarkar, Company Secretary ([a\\_guhasarkar@wmg.co.in](mailto:a_guhasarkar@wmg.co.in)).
2. MRIL may be contacted for any further clarification or information on telephone No. +91-33-2210-1221, 2243-5391, 2248-9434, 2248-9435; Fax No. +91-33-2248-8114, 2248-6265 and Email address: [administrator@wmg.co.in](mailto:administrator@wmg.co.in)
3. This update being issued after the Board of the Company at its meeting held on January 30, 2012 has taken on record the quarterly results for quarter ended 31<sup>st</sup> December, 2011.
4. Some forward-looking statements on projections, estimates or expectations are included in this update for better comprehension of the Company's prospects. Actual results may, however differ materially on account of several economic and market related factors not fully within the control of the Company.
5. This update is also available on the Company's website: [www.mcleodrusselindia.com](http://www.mcleodrusselindia.com). In view of this, information in this update is also available to the public and does not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading Regulations), 1992.