Dhunseri

Dhunseri Petrochem & Tea Limited

Earnings Update Q1FY13

About Dhunseri Petrochem & Tea Ltd

Rs.2000 cr Kolkata-based organization with interests in PET resin and Tea

- The current PET manufacturing capacity is 200,000 TPA with market share more than of 35%
- Capitalizing on new technology for specialty grade barrier Resin from M&G. Expected to boost the bottom line from 2013 onwards

Expansion of PET business by 4x:

- Mechanical completion of the second unit at Haldia achieved on 31st May 2012
- By Q4FY13, company to commission its 420,000 TPA capacity in Egypt
- This will graduate the company into top 10 global PET manufacturers
- Post-expansion, FY14 topline projected at Rs. 5000 cr (Rs. 2000 cr in FY12)
- **Tea Division –** During the first quarter, the company sold one of its tea estates at a consideration of Rs. 28.29 cr
- The annual production is expected to reach ~20 million kg as the company has acquired new tea gardens in Africa
- Company is also engaged in unlocking its Real Estate value by developing Infrastructure for IT companies on its 750000 sq ft. land - 1st phase of 375000 sq ft. is expected to completed by Q4 FY13

Acquisition of tea estates in Africa

- The company has acquired 100 % share capital in two tea estates in Africa namely Makandi Tea & Coffee Estates Ltd and Kawalzi Estate Company Ltd in the Republic of Malawi at a consideration of USD 22 million (Rs. 122 cr)
- Together the estates have a capacity to produce 9.5 million kg of tea and 0.5 million kg of macadamia and coffee
- The company currently produces 10 million kg of tea in India
- Following the acquisition, the company's annual production is likely to be around 20 million kg
- The acquisition is funded through a debt of USD 12 million and balance USD 10 million through internal accruals
- The tea estates were acquired from London-based Global Tea & Commodities Ltd through a share purchase agreement dated 27 July 2012
- This acquisition deal marks the foray of the company's first acquisition overseas

Q1FY13 Financial Result - Standalone

Particulars (Rs cr)	Q1 FY13	Q1 FY12	y-o-y%	Q4 FY12	q-o-q%
Income from Operations	481	477	1%	489	(2%)
Other Operating Income	6	10	(42%)	7	(19%)
Total Income from Operations	**487**	**487**	**0%**	**497**	**(2%)**
Expenditure					
(Increase)/Decrease in stock in trade & WIP	(38)	(15)		3	
Raw material	418	407	3%	395	6%
Employee cost	15	13	12%	15	2%
Other Expenditure	54	50	8%	64	(16%)
Total Expenditure	449	455	(1%)	477	**(6%)**
EBITDA	**38**	**32**	**19%**	**19**	**99%**
EBITDA Margin (%)	**8%**	***7%***		***4%***	
Depreciation	8	8	5%	8	3%
EBIT	30	24	24%	11	169%
Interest Cost	9	8	9%	13	(29%)
Other Income	20	8	159%	5	300%
PBT	**40**	**23**	**73%**	**4**	**955%**
Tax	3	3	(9%)	1	403%
PAT before Forex	**38**	**20**	**85%**	**3**	**1044%**
Forex Gain/(Loss)	(44)	1		13	
Reported Net Profit	**(7)**	**22**	**(131%)**	**16**	**(141%)**

Q1FY13 Financial Highlights

- Total income from operations increased by 1% y-o-y from Rs. 477 cr in Q1FY12 to Rs 487 cr in Q1FY13 and decreased by 2% q-o-q from Rs. 489 cr in Q4FY12
- The other income increased by 159% y-o-y from Rs. 8 cr in Q1FY12 to Rs. 20 cr in Q1FY13 as the company accounted for the profit of Rs. 12.15 cr from sale of Namsang Tea Estate
- For the quarter ending June 2012, the profit after tax stood at Rs. (6.7) cr compared to Rs. 22 cr during the corresponding quarter of the previous year.
- The loss was primarily on account of forex which accounted a loss of Rs. 44 cr in Q1FY13 compared to a gain of Rs. 1 cr in Q1FY12.
- The cost of raw materials as % of sales stood at 79% in Q1FY13, down from 80% during the same quarter of the previous year.
- For the quarter ending June 2012, the production of PET resin was 54,006 MT compared to 52,889 MT during the corresponding quarter of the previous year.
- For the quarter ending June 2012, the production of tea was 33.36 lac kgs compared to 37.75 lac kgs during the corresponding quarter of the previous year.

Q1FY13 Operational Highlights

PET - Division	Unit	Q1FY13	Q1FY12	y-o-y %	Q4 FY12	q-o-q %
PET Sales Volume	MT	51,166	51,872	(1%)	51,808	(1)%
Sales – PET	Rs cr	449	443	1%	463	(3)%
EBIDTA – PET	Rs cr	29	23	23%	33	(13)%
EBIDTA/Kg – PET	Rs	6	4	25%	6	(11)%
PET Delta	Rs/MT	13,260	11,632	14%	17,807	(26)%
Export – PET	Rs cr	94	158	(40)%	104	(10)%
Realization/Tonne – PET	Rs	87,676	85,310	3%	89,448	(2)%
RM/Sales – PET	%	85%	87%		82%	
TEA – Division		**Q1FY13**	**Q1FY12**	**y-o-y %**	**Q4 FY12**	**q-o-q %**
TEA Sales Volume	MT	1,966	2,532	(22%)	2,432	(19)%
Sales – TEA	Rs cr	32	34	(5%)	26	25%
EBIDTA – TEA	Rs cr	10	9	9%	(14)	-171%
Realization/Tonne – TEA	Rs	164,854	135,101	22%	106,260	55%

Expansion Progress

Haldia expansion (200,000 MT to 410,000 MT)	Egypt project (420,000 MT)
▪ SSP building superstructure 100% complete ▪ HTM Coal Heater and Furnace oil heater plants erection is 100% complete ▪ Equipment erection is 100% complete and piping work is in progress ▪ Mechanical Completion done on 31-May-2012	▪ Mechanical Completion of both lines is scheduled for end December 2012 ▪ Order placed for all major equipments ▪ Civil work going on in full swing ▪ Cost incurred till 30-06-2012 is USD 81 mn

Outlook: FY13E

- In the year 2012-13 we are expecting significant improvement in our top line and bottom line on account of new PET capacity addition in Haldia.
- By Q4 FY 2013, company to commission its 420,000 TPA capacity in Egypt
- Post-expansion, (2014) topline projected at Rs. 5000 cr (Rs 2000 cr in 2011-12)
- The coming year should also be better for tea business as we will have additional realisation from bought leaf factories and improved production

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Thank you