

Apeejay Tea targets 20% export jump

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Calcutta, April 3: Apeejay Tea is expecting a 20 per cent rise in exports in 2011-12, especially to the UAE, the UK, the US, Poland and Germany. The company also expects its Fair-trade and Rainforest Alliance certifications — global acknowledgements for good farm practices — to pave the way for its entry into new geographies.

Apeejay has also raised its production target for the next fiscal by 10.5 per cent.

“We have increased our orthodox production substantially to achieve better quality and higher price realisation for the group,” said A.K. Bhargava, managing director of Apeejay Tea Group.

“As a growth target, EBIT-DA (earnings before interest, tax, depreciation and amortisation) is projected to be 82 per cent higher than fiscal 2010-11. In terms of sales, we have achieved a better increase on



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the price levels over last year compared with the industry, which reported an increase of 5.6 per cent for the same period. We hope to further improve upon our sales realisation by a better foray into western India,” he said.

A shortfall in production in India, Kenya and Sri Lanka is expected to lead to a mismatch in demand and supply this fiscal, said Bhargava.

Indian tea production in 2010-11 stood at 966 million

kilograms, a decline of around 13 million kilograms over the previous year.

“The industry expects improvement of price between 5 per cent and 7 per cent in the new season. Apeejay is determined to plough back in future years to sustain improvement in quality and productivity. We will invest in a new plant and have invested substantially for replacement of old machinery and infrastructure,” he said.

Sales growth in 2011-12 is expected to be at 76 per cent for its global tea brand — Typhoo. The company has joined hands with Kevenster Agro to market the brand in the eastern region.

Sales in 2010-11 were 66 per cent higher than the previous year.

Bhargava added that the substantial increase in the cost of all inputs including wages was also a reason for every plantation to improve their revenue.