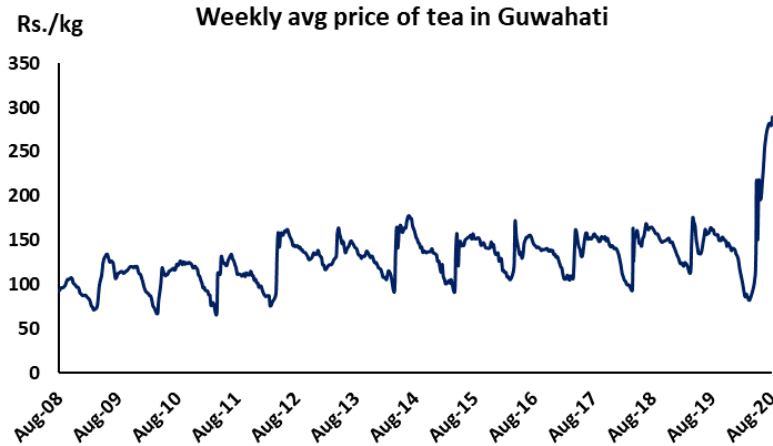


Already steep tea prices can firm up further

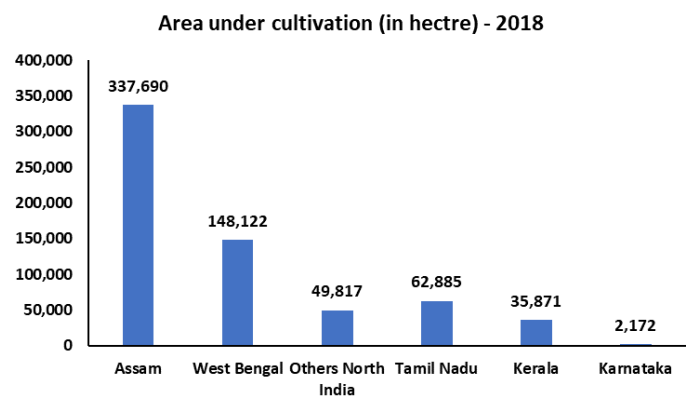
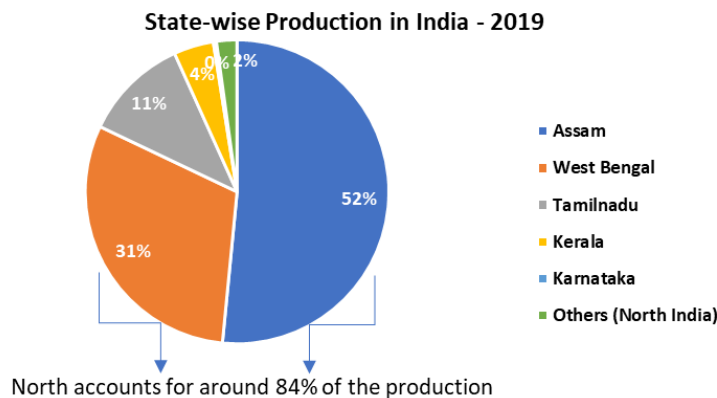
Recently, the tea prices have been on a tear given the shortages expected from the flooded North-Eastern region. Tea prices in Guwahati have risen by 251% to Rs. 288.71 per kg from their lows of Rs. 82.23 per kg in March'20 given the acute shortfall in production of -26% to 314.06 mn kgs upto June'20. We expect the prices to rise another 10-15% given that the Northern Region accounts for more than 84% of the total production.



Production in India (mn kgs)

District/State	From January upto June		
	2020	2019	% +/-
Assam Valley	124.14	205.95	-39.72
Cachar	8.71	14.16	-38.49
Total Assam	132.85	220.11	-39.64
Dooars	27.10	31.45	-13.83
Terai	46.17	59.20	-22.01
Darjeeling	2.09	3.24	-35.49
Total West Bengal	75.36	93.89	-19.74
Others	7.42	10.18	-27.11
Total North India	215.63	324.18	-33.48
Tamil Nadu	66.42	70.59	-5.91
Kerala	29.42	27.83	5.71
Karnataka	2.59	2.06	25.73
Total South India	98.43	100.48	-2.04
All India	314.06	424.66	-26.04

The graph below indicates that in 2019, out of the total tea produced in India, the largest contribution of 52% came from Assam followed by West Bengal (31%) and Tamil Nadu (11%). In the country, the area under cultivation of tea was highest in Assam at 3,37,690 hectares.

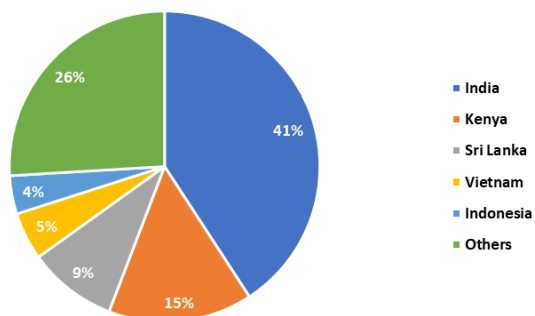


Assam is the highest tea producing state, but on a yield per area basis, the highest yield is achieved in West Bengal (2,660 kg per hectre), Tamil Nadu has the second highest yield (2,526 kg per hectre) followed by Karnataka (2,390 kg per hectre).

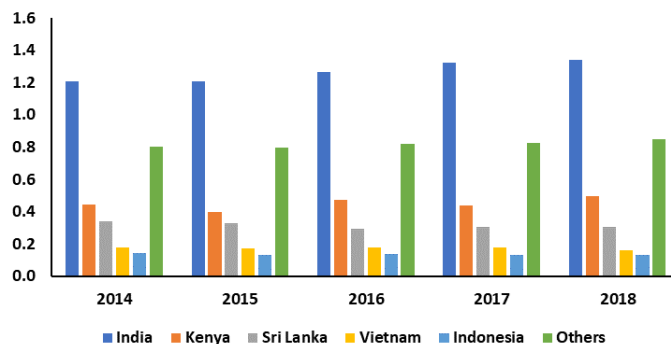
District/State	Production (th kg)	2018	
		Area (hectre)	Yield (kg/hectre)
Assam	6,919,100	337,690	2,049
West Bengal	3,940,000	148,122	2,660
Others North India	278,500	49,817	559
Total North India	11,137,600	535,629	2,079
Tamil Nadu	1,588,600	62,885	2,526
Kerala	608,200	35,871	1,696
Karnataka	51,900	2,172	2,390
Total South India	2,248,700	100,928	2,228
All India	13,386,300	636,557	2,103

India – A major player in global tea production

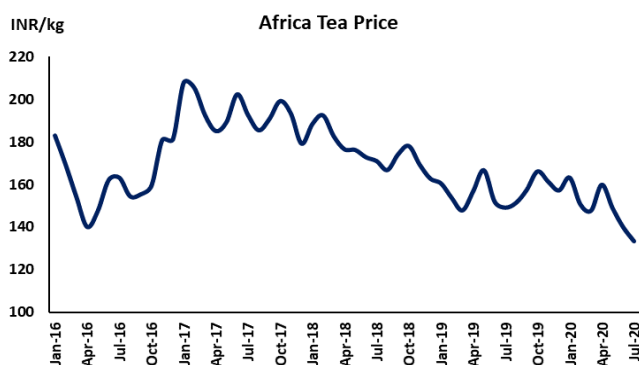
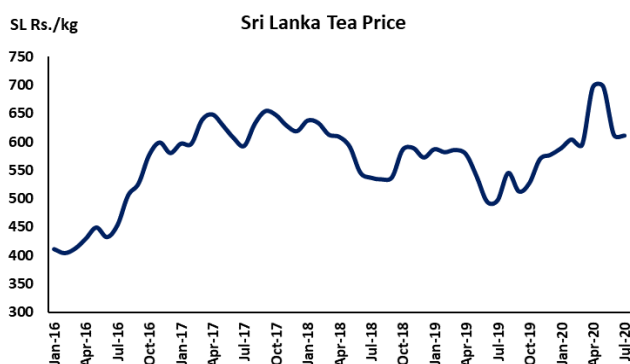
Country wise Production in 2018 (ex-China)



Global Production (in mn tonnes) (ex-China)



Although African tea prices are at lows and Sri Lankan prices are in a rising trend, the outlook for these varieties is also expected to firm up given the fact that India's production has been impacted by nearly 26%.



Outlook

Listed companies with plantations, especially those in South India, will be impacted positively. For the companies in North-East India, the impact will be neutral as the production losses have been compensated by rising tea prices.

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