



# Warren Tea Limited

December 11, 2018

WTL/SEC/S-2

The General Manager,  
Department of Corporate Services,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalai Street,  
Mumbai 400 001  
- Scrip Code 508494

The Secretary  
The Calcutta Stock Exchange Limited,  
7 Lyons Range,  
Kolkata 700 001  
- Scrip Code 33002

Dear Sir,

## Revision in Ratings

This is further to our letter dated 1/12/2018 informing you that ICRA Limited, based on the review of the latest developments, has revised the long term rating of the Company from [ICRA]BBB+ to [ICRA]BBB and the short term rating from [ICRA]A2 to [ICRA]A3+.

We have received on 10/12/2018 a further communication from ICRA Limited advising the rating rationale for such revision which are summarized hereinbelow.

The said rationale takes into consideration lower-than-expected tea production and increased labour cost which would likely affect the operative results for the Financial Year 2018-19. The rationale observes that although the average realization and production are likely to be higher during the current year over that of the previous year, however, increased cost of tea production on account of increased wage rates is expected to adversely impact profitability. The ratings continue to favourably consider the Company's premium quality tea, realizations of which are higher than the industry averages. Besides, relatively high yield of the Company's estates mitigates the risks associated with the fixed-cost intensive nature of the tea plantation business to some extent. The

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ratings, however, also factor in the risks associated with tea for being an agricultural commodity, which depends on agro-climatic conditions and the inherent cyclical nature of the fixed-cost intensive tea industry that leads to variability in profitability and cash flows of bulk tea producers like WTL. As Indian tea is essentially a price taker in the international market, low global prices affected domestic realizations to some extent as well; the actual production level and tea realization would remain the key rating sensitivities given the increased cost of tea production.

Yours faithfully,  
Warren Tea Limited



(SIDDHARTHA ROY)  
PRESIDENT-LEGAL  
& COMPANY SECRETARY