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‘Financials of bulk tea firms to be under pressure’

EVEN AS THERE was marginal improvement in financial performance during the first half of 2019-20, profit margins for bulk tea players are likely to remain under pressure due to tepid tea price movement in the current financial year, according to a report. “The marginal increase in overall tea prices together with muted growth in tea production for the large bulk tea players are likely to constrain any improvement in the operating profitability of bulk tea producers in 2019-20,” Icria vice-president and sector head (Corporate Sector Ratings) Kaushik Das said. This is despite the fact that labour cost is unlikely to witness any material increase in the current financial year, he added.