



McLEOD RUSSEL
Believe in tea

8th August 2016

The Secretary
BSE Ltd
P.J. Towers, 25th Floor
Dalal Street,
MUMBAI -400 001
Scrip Code:532654

The Secretary
National Stock Exchange
of India, Listing Dept.
Exchange Plaza, 5th Fl.
Plot No.C/1, G-Block
Bandra-Kurla Complex
Bandra (E)
MUMBAI - 400 051
Scrip Code:MCLEODRUSS

The Secretary
The Calcutta Stock
Exchange Association Ltd
7, Lyons Range
KOLKATA 700001
Scrip Code:10023930

Dear Sir,

Sub : McLeod Russel – Information Update

We send herewith an Information Update on the Company for the quarter ended 30th June 2016 together with Management's understanding on future outlook for your information and record.

The Audited Financial Results for the quarter ended 30th June 2016 have already been sent to the Stock Exchanges.

Please acknowledge receipt.

Yours faithfully,

McLEOD RUSSEL INDIA LIMITED

(A. GUHA SARKAR)

SR. VICE PRESIDENT & COMPANY SECRETARY

Enclo : as above.

Registered Office :

McLEOD RUSSEL INDIA LIMITED

Corporate Identity Number (CIN) : L51109WB1998PLC087076

FOUR MANGO LANE, SURENDRA MOHAN GHOSH SARANI, KOLKATA - 700 001

TELEPHONE : 033-2210-1221, 2248-9434 / 35, FAX : 91-33-2248-8114 / 6265

E-mail : administrator@mcleodrussel.com Website : www.mcleodrussel.com



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McLEOD RUSSEL INDIA LIMITED
4, Mangoe Lane,
Kolkata 700001

Information Update

Coverage of this update :-

- Financial results for the quarter ended 30th June, 2016
- Company management's understanding on future outlook
- Phu Ben Tea Company Limited, Vietnam
- McLeod Russel Uganda Limited, Uganda
- Gisovu Tea Company Limited, Rwanda
- Pfunda Tea Company Limited, Rwanda

Highlights for the Quarter ended 30th June, 2016:- (Standalone)

Sl.No.		2016-17	2015-16	
1.	Selling Price	Rs.171.04 per kg	Rs.170.03 per kg.	(+) Rs.1.01
2.	Operating Profit (Loss)	Rs. (35.69) Crores	Rs. (40.84) Crores	
3.	Net Profit (Loss)	Rs. (17.34) Crores	Rs. (28.71) Crores	
4.	Sales Quantity	100 lakh Kg.	98 lakh kg.	(+) 2 lakh kg
5.	Production	218 lakh kg.	209 lakh kg.	(+) 9 lakh kg

Review of Operations :-

➤ **Production :**

Indian Production for the calendar year up to May is lower by 9 million kg as compared to last year mainly due to loss of production in South India on adverse weather conditions. South Indian Production was lower by 22 million kg whereas North Indian Production was higher by 13 million kg. Tea Production in African region has been higher by 60 million kg as compared to last year on normal weather conditions as compared to dry weather last year. Tea production for the Company from own leaf was higher by 1.7 million kg for the quarter. However, production from small grower's leaf was lower by 0.8 million kg.



➤ **Sales & Prices:**

Increase in production in Kenya had negative impact on prices at Mombasa auctions. The prices up to June for African teas are lower at USD 2.26 per kg as against USD 2.54 per kg for the same period last year. However, prices in India currently are similar to last year. Tea prices for the Company is higher by Re 1 per kg for the quarter as compared to last year. Sales quantity is higher by 2 lakh kg on higher production.

➤ **Operating Result :**

The Company has posted Operating Loss of Rs.35 crores against Operating Loss of 41 Crores last year. This is mainly attributed to increase in production from own leaf. Sales are higher by 3% on higher volume by 2 lakh kg. Staff cost has increased by Rs.27 crores during the quarter on account of revision of wages in tea estates effective 1st January 2016. Consumption of Raw Material (cost of small growers' leaf) is lower by Rs.10 crores due to decrease in volume.

The results have been revised in accordance with Ind AS. The revised operating loss for the quarter of previous year is higher by Rs.18 crores mainly due to changes in the method of value of Inventories (Rs.17 crores). The total impact of such valuation will get nullified over the quarters. We expect minimal impact on the results for the full year.

OUTLOOK :

⊙ **Global Production :**

Tea Production in Africa Kenya is reported to be higher by 60 million kg up to May as compared to last year due to normal weather. We expect the production from Africa to remain higher for the rest of the season.

Indian Production :

Indian Production is estimated to be lower by 9 million up to May as compared to last year due to lower production in South India. We expect recovery of production in North India to normal production. Overall



