

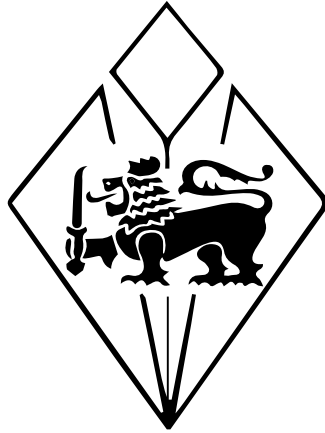
# ANNUAL REPORT

# 2023



**SRI LANKA TEA BOARD**

# Annual Report 2023



**Sri Lanka Tea Board**

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## Vision

To position Ceylon Tea as the  
“ Most Aspired Beverage”  
in the global market

## Mission

To increase the foreign exchange earnings to  
the country through sustainable  
development of the industry and  
there by ensuring the economic  
development of the plantation  
community

## Members of the Sri Lanka Tea Board -2023

### Chairman

**Mr. Niraj de Mel**  
Chairman  
Sri Lanka Tea Board

### Secretary

**Mr. S.A.Siriwardena**  
Director General (up to May 2023)  
**Mr. E.A.J.K.Edirisinghe**  
Director General (Actg.) (from May to Dec 2023)  
Sri Lanka Tea Board

### Members

**Ms. W.M.D.T. Wickramasinghe**  
Addl. Secretary (policy and operation)  
Ministry of Plantation Industries

**Mr. D. Jeewanathan**  
Addl. Secretary  
Ministry of Trade

**Mrs. J.P.P.Liyanage**  
Director  
Dept of Public Enterprise, Ministry of Finance

**Dr.Thushara Priyadharshana**  
Chairman (Up to Sep 2023)

**Mr. D.G. Mahipala**  
Chairman(Nov to Dec 2023)  
Tea Small Holdings Development Authority

**Mr. Yshan Fernando**  
Chairman (Up to March 2023)

**Mr. Anil Cooke**  
Chairman (From April 2023)  
Colombo Brokers' Association

**Mr. Lionel Herath**  
Chairman  
Sri Lanka Tea Factory Owners' Association

**Mr. Senaka Alawattegama**  
Chairman  
Ceylon Planters' Association

**Mr. Sanjay Herath**  
Chairman  
Colombo Tea Traders Association

**Mr. J.S. Pathirana**  
Chairman (Up to Jan 2023)

**Mr. K.L. Gunaratne**  
Chairman(From Feb 2023)  
Sri Lanka Federation of Tea Smallholder  
Development Societies

**Mr. Ganesh Deivanayagam**  
Chairman  
Tea Exporters Association

**Mr. W. H. S. Samarasena**  
Minister's Representative

### Observer

**Mr. Anil Alwis**  
Director General  
Pothatuwa Tea Factory (Pvt) Ltd

## Members of the Audit Committee - 2023

### Chairman

**Ms. Priyangani Liyanage**  
Director  
Ministry of Finance

### Convener

**Mr. S.A. Siriwardena**  
Director General (up to May 2023)  
**Mr. E.A.J.K. Edirisinghe**  
Director General (Actg.) (from May to Dec 2023)  
Sri Lanka Tea Board

### Observers

**Ms. V.D. Seetha**  
Senior Assistant Auditor General  
National Audit Office

**Mr. K.A.C. Shamantha**  
Chief Internal Auditor  
Ministry of Plantation

### Members

**Ms. W.M.D.T Wickremasinghe**  
Additional Secretary  
Ministry of Plantation

**Mr. D. Jeevanadan**  
Additional Secretary  
Ministry of Trade

**Mr. Ganesh Deivanayagam**  
Chairman  
Tea Exporter's Association

**Mr. Sanjaya Herath**  
Chairman  
Ceylon Tea Trader's Association

## Senior Management Staff-2023

### Director General

Mr. S.A. Siriwardena (up to May 2023)  
Mr. E.A.J.K. Edirisinghe (Actg.) (from May to Dec 2023)

### Tea Commissioner

Mr. E.A.J.K. Edirisinghe

### Director (Promotion)

Ms. H.L. Pavithri Pieris

### Director (Analytical Services)

Ms. Thushara Guruge

### Director (Finance)

Mr. G.A. Hirosh Jayanga

## Members of the Promotion & Marketing Committee - 2023

### Chairman

**Mr. Niraj De Mel**  
Chairman  
Sri Lanka Tea Board

### Members

**Mrs. W.M.D.T. Wickramasinghe,**  
Add. Secretary (Policy & Operations)  
Ministry of Plantation Industries

**Mr. S.A. Siriwardhana**  
Director General

**Mr. Jayantha Edirisinghe**  
Acting Director General  
Sri Lanka Tea Board

**Ms. Pavithri Peiris**  
Director (Promotion)

**Vish Govindasamy**  
Managing Director  
Sunshine Holding PLC.

**Mr. Sanjaya Herath**  
Chairman  
Colombo Tea Traders Association

**Mr. Ganesh Deivanayagam**  
Chairman  
Tea Exporters Association

**Mr. Jayantha Karunaratne**  
Past Chairman  
Colombo Tea Traders Association

**Mr. Mufaddal Jafferjee**  
Representing  
Tea Exporters' Association

**Mr. Romesh Moraes**  
Consultant  
Tea Marketing Specialist Finlays PLC

**Mr. Avi de Silva**  
Consultant  
Ekterra (Pvt) Ltd. - (Via Zoom)

**Mr. Anil Cooke**  
CEO  
Asiya Siyaka Commodities PLC

**Mr. Tyeab Akbarally**  
Managing Director  
Akbar Group

**Mr. Dilhan C. Fernando**  
Director  
MJF Group

**Mr. Chaminda Jayawardena**  
Managing Director  
Lumbini Tea Factory

### Observer

**Mr. Ajitha De Alwis**  
Secretary General  
Sri Lanka Tea Factory Owner Association

## Chairman's Statement

An increase in production was the industry's expectation when the year began. It was based on the hope that extensive fertilizer application would be carried out by the tea producers including the smallholders. Adding to this, the release of glyphosate too assisted the Regional Plantation Company (RPCs) estates to double up on the use of fertilizer as the tea lands would be rid of the weeds which had grown considerably due to the ban imposed on the use of the herbicide. However, the negative impact on the tea bush as a result of the non-application of fertilizer in the previous two years stifled rapid growth leading to production of some months of the year being lower compared to 2022. The unusual drought in August followed by excessive rain from September to the end of the year had an adverse effect on production. The reluctance of majority of the smallholders to manure further retarded efforts for production gains particularly in the low grown elevation. For Smallholders, the price of a bag of 50 kg fertilizer was still expensive even though prices had come down drastically from the levels which prevailed in 2022.



The year finally concluded with a 4.2 Mn /kgs gain over 2022 mainly due to the increases made by high and medium elevations. The lower elevation was a million kilo lower than 2022. Mid way through the year, tea prices began to fall largely as a consequence of the strengthening Sri Lankan rupee against the US dollar. This led to tea prices falling below the corresponding levels in 2022 and remained below until the year end.

### Tea production

The annual tea production quantity of 256 million kilos recorded for 2023 against 251.5 million kilos the previous year was far below earlier forecast of 265 – 270 million kilos. Orthodox production accounted for a share of 90% whilst Sri Lanka's CTC is at 9%. The factors stated elsewhere in this report are adduced to this "not so impressive improvement".

### Tea Exports

Tea Export earnings reached Rs. 428 billion bettering the previous record of Rs 411 billion achieved in 2022. It was heartening to note that Sri Lanka's tea export revenue in US dollar terms increased to USD 1.31 billion from USD 1.265 in 2022. These increases in earnings was in the backdrop of a 3.3% decline in export quantity. Exporting 241.9 million kilos as against 250.5 million kilos was disappointing in a year where the production showed a small upward movement but could be attributed to the negative carryover from 2022 to 2023.

The FOB price per kilo at USD 5.41 was higher to USD 5.03 per kilo recorded for 2022. Tea importers continuing to pay a higher price for Ceylon tea in 2023 could be attributed to 2 reasons, namely the unique character and the popularity of the teas as well as the tight supplies.

### Performance of Ceylon Tea in the International tea market

Sri Lanka continues to hold onto a 5% share of the global production and a 14% stake in the supplies (exports). This is mainly due to the two largest global producers, China and India internally consuming almost 80% of their annual production. Another notable feature for Sri Lanka's tea has been the implementation of the Sri Lanka - Iran Tea for Oil barter scheme which finally commenced in August 2023 resulting in Iranian tea importers rapidly to shifting to importing increased quantities of Ceylon Tea. The distinct preference for Ceylon tea by the Iranian tea consumers was hereby confirmed.

### Tea Sales

Total of 249.65 million kilos was sold through the year under review at an average of Rs. 1,171 per kg. The average total price in 2022 was Rs. 1,234 per kg.

## Development Work

Number of development projects were commenced as well as some existing projects from previous years were continued. They are B 60 programme to enhance the quality of green leaf supplied to factories, registration of tea lands to facilitate the implementation of the Tea Value Chain Management System (TVMS), Tea Nursery Projects according to acceptable standard are those taking centre stage.

In addition, the following initiatives too are being carried out.

- Setting up of model tea gardens (commenced in 2019)
- Irrigation Programme commenced in 2021
- Establishment of high shade in tea gardens
- Re-planting programme with the objective of adopting mechanization.
- Interest free loan scheme repayable in 3 months to tea factories to distribute fertilizer to the growers.
- Assisting Tea Small Holdings Development Authority with funding required for direct Planting programmes
- Subsidy for factory modernization
- Replanting, new planting and infilling programme

## Promotion and Marketing

Selective participation at trade fairs, assisting and facilitating selected tea companies for participation at trade fairs identified and approved by the Promotion & Marketing Council as well as offering 50% assistance to brand promotion projects of tea companies evaluated and approved by the PMC and the Board were among the main initiatives undertaken during the year

Additionally exporters marketing Sri Lankan owned brands with Lion logo who have shown a growth over the previous year are incentivized with a 1% of the value of the increase which is another programme that has been in operation in the last few years.

However, the global campaign could not be implemented due to a number of bottle necks among the initial countries chosen and more importantly due to the criticisms leveled at COPE meeting held during the year. The Ministry of Agriculture & Plantation Industries has asked the Tea Research Institute to appoint a Committee comprising of experts in the field of Promotion & Marketing to evaluate the work done and make recommendations with regard to the way forward.

## The GI Programme

GI programme has been in full swing and hopefully the application to obtain GI status in the EU region would be submitted in the first half of 2024. In this connection, the Sri Lanka Tea Board wishes to appreciate the technical assistance and the guidance provided by the French Agency CIRAD ably assisted by Dr. Delphine Marie Vivien. The financial support of US \$ 1.1 b from the French Development Agency - AFD is hereby acknowledged and highly appreciated by the entire Sri Lanka Tea Industry.

## Acknowledgement

The execution of the responsibilities entrusted to the Sri Lanka Tea Board viz. regulatory, development, and promotion by the officials of the Sri Lanka Tea Board is highly commended. Their dedication and commitment have helped the Sri Lanka Tea Board once again to maintain the high standards of the country's tea industry. My grateful thanks to all officials and support staff in all the departments including the Regional Offices of the Sri Lanka Tea Board.



Niraj de Mel  
Chairman

## Key Highlights

Category	Unit	2021	2022	2023	Variance (%) 2022 Vs 2023
Total Tea Production	Mn kg	299.49	251.50	256.09	1.69
<b>Classification by Elevation</b>					
High	Mn kg	65.33	56.30	58.64	2.96
Medium	Mn kg	50.99	40.20	42.34	6.58
Low	Mn kg	183.18	155.00	155.11	(0.03)
<b>Classification by Processing Method</b>					
Orthodox(including Bio)	Mn kg	270.72	227.10	231.19	1.65
CTC	Mn kg	26.19	22.60	22.62	0.12
Green	Mn kg	2.57	1.80	2.28	26.18
Instant Tea Production	Mn kg	3.64	4.47	3.20	28.35
<b>Tea Sales (including Public, Direct, Private)</b>					
Total Sales Quantity	Mn kg	295.79	248.64	249.65	0.41
High	Mn kg	63.52	53.72	56.47	5.12
Medium	Mn kg	52.34	42.08	41.87	(0.50)
Low	Mn kg	179.94	152.84	151.31	(1.00)
Total Sales Prices	Rs/kg	615.44	1,234.24	1,171.29	(5.10)
High	Rs/kg	587.13	1,093.10	1,072.48	(1.89)
Medium	Rs/kg	550.80	1,030.82	1,012.35	(1.79)
Low	Rs/kg	644.23	1,339.86	1,252.15	(6.55)
<b>Tea Exports</b>					
Tea Exports Volume (Excluding Re exports)	Mn kg	276.00	241.65	231.46	(4.22)
<b>Category wise export quantity</b>					
Black	Mn kg	270.76	236.77	226.75	(4.23)
Green	Mn kg	2.27	1.85	1.99	7.29
Instant	Mn kg	2.97	3.02	2.72	(10.12)
Tea exports Value (Excluding Re exports)	Rs.Bn	249.10	389.50	401.84	3.17
<b>Category wise export revenue</b>					
Black	Rs Bn	238.86	374.22	384.56	2.76
Green	Rs Bn	5.07	7.25	8.02	10.63
Instant	Rs Bn	5.16	8.04	9.26	15.27
<b>Total Tea exports Volume</b>	<b>Mn kg</b>	<b>285.87</b>	<b>250.17</b>	<b>241.91</b>	<b>(3.30)</b>
<b>Total Tea exports Value</b>	<b>Rs Bn</b>	<b>263.35</b>	<b>411.05</b>	<b>428.29</b>	<b>4.19</b>

Source : Sri Lanka Tea Board & Sri Lanka Customs  
Mn Kg - Million Kilogram

# 1. Corporate Background

Sri Lanka Tea Board was established in 01st January 1976 by amalgamating Tea Control Department-Tea Control Act No 51 of 1957, Tea Export Commissioner's Department-Tea (Tax and Control of Export)Act No 16 of 1959, Tea Research Institute of Ceylon-Tea Research Ordinance 1925 and Ceylon Tea Propaganda Board-Tea Propaganda Ordinance 1932 under the Sri Lanka Tea Board Law No.14 of 1975 as amended by Act No.17 of 1985, No.44 of 1990, No.29 of 2003, No 44 of 2006 and No.13 of 2018. In 1993 Tea Research Institute of Sri Lanka came under the management of the Tea Research Act No.52 of 1993. Amendments to Sri Lanka Tea Board Law and Tea Control Act are in progress based on industry requirements to align the current laws and regulations to fulfil the global needs."

Prior to the establishment of Sri Lanka Tea Board, promotion of Sri Lanka Tea (Ceylon Tea) was handled by the Tea Propaganda Board in the global context, which was run by the private sector. In 1976 Tea Propaganda was voted out by the parliament and Tea Propaganda Board was converted to Sri-Lanka Tea Board with the powers to the tea industry. As the regulatory body, Sri Lanka Tea Board is responsible for promotion, regulation and development of tea industry, Under regulatory and development functions, production, increase of cultivation, replanting, rehabilitating old gardens, establishment of factories and monitoring their operations are conducted. Additionally, it regulates, controls and directs all institutions and organizations engaged in the management of tea estates and the institution which engaged up to the exports. The whole process is monitored to maintain the "Quality of Ceylon tea" and many actions have been initiated to intensify the monitoring of quality standards of tea at the point of sale, pre-shipment, warehouses of brokers, blenders and exporters and providing advisory services on hygienic blending and storing.

Under development functions, SLTB facilitates the subsidies, awareness programs and consultation programs covering all sector in the value chain from the grower to the exporters. Many development programs have been implemented to increase the productivity of tea lands, to increase the quality of green leaf and made tea to get a better price for per cup or per kilo.

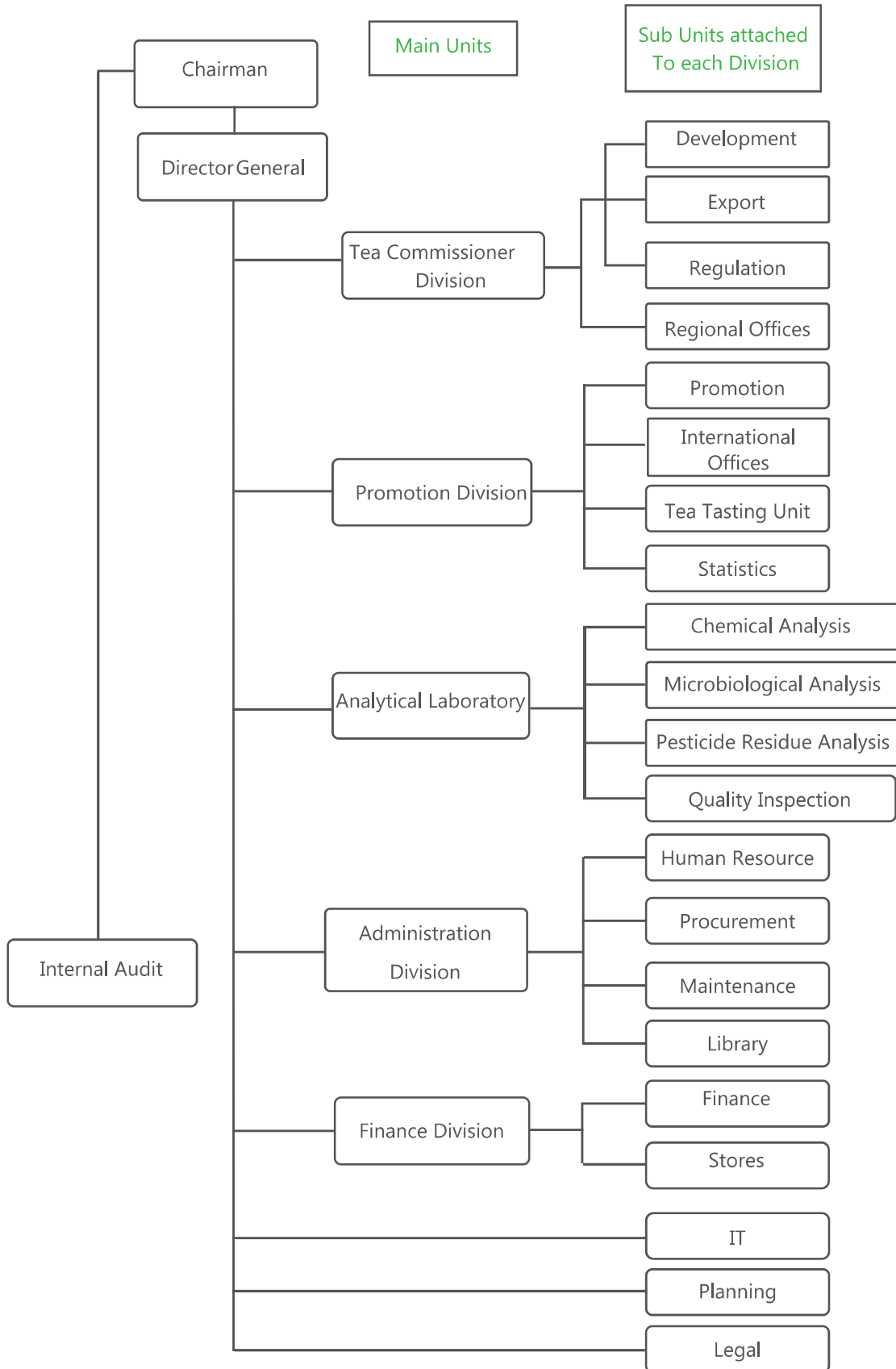
Evaluating of auction pre and post samples through the sensory and chemical analysis are conducted by Tea Tasting Unit. Issuance of quality certification for tea samples received through regulatory and development functions and industry stakeholders are covered by the Analytical laboratory of Sri Lanka Tea Board.

Promotional activities cover the promotion of Ceylon tea locally and globally in volatile economic situation throughout the world and changing consumer's consumption patterns and buying power. SLTB tries to position the Ceylon tea image as a premium product in the consumer's mind to secure the foreign exchange earnings and well-being of tea industry stakeholders.

As the apex body of the industry, SLTB provides tea statistics related to tea production, marketing, exports, global tea scenarios and forecast for the future. Policy decision are approved by the board which is represented by all major stakeholders asserted.

Sri Lanka Tea Board is under the purview of Ministry of Agriculture & Plantation Industry and financial functions are monitored by the Department of Public Enterprises.

## 2. Structure and Activities Undertaken



## 2.1. Tea Commissioner's Division

The Tea Commissioner's Division is a principal division of the Sri Lanka Tea Board, led by the Tea Commissioner. The Commissioner is appointed under the provisions of Sri Lanka Tea Board Law No. 14 of 1975. The Division administers all matters related to the regulatory and development functions mandated by the Sri Lanka Tea Board Law No. 14 of 1975 and the Tea Control Act No. 51 of 1957.

The Tea Commissioner plays a pivotal role in overseeing the regulation and development of Sri Lanka's tea industry. The Commissioner's responsibilities are divided into three core areas: Regulatory, Development, and Exports. The Export section functions as a separate unit, and its activities are detailed within the Tea Export Unit section of this report.

The Tea Commissioner's Division has decentralized its functions across seven regional offices situated in Gampola, Bandarawela, Ratnapura, Matara, Baduraliya, Galle, and Nuwara Eliya. In support of the tea industry, the Division undertakes the following essential duties:

- New Registration and renewal of tea manufacturers and factories
- New Registration and renewal of green tea leaf dealers
- New Registration and renewal of refuse tea processing centers
- Monitoring of Reasonable price payments for green leaf suppliers at the factory and dealers level
- Monitoring of Good Manufacturing Practices(GMP) in Tea Factories and warehouses
- Collection of data related to the tea industry.
- Conducting Special investigations in tea factories, dealer centers & refused tea processing
- Monitoring and provide advisory services on tea manufacturing, green tea leaf collection, and reprocessing of refused tea at the regional tea growing areas.
- Implementing programs for improvements of Green Tea leaf standards and minimizing post-harvest losses by continuing the B 60 Programme.
- Providing subsidies for factory modernization to support tea factories to develop their machine capacity and factory infrastructure facilities
- Subsidy assistance for tea replanting, new planting, infilling of tea and direct planting.
- Encouraging machine plucking focused hedge-row planting and replanting programmes
- Providing subsidy assistance for installation of irrigation systems at the tea estates
- Continuation of Subsidy assistance for Bio-fertilizer projects which started to encourage the Organic fertilizer producers in the tea sector.
- Continuation of Subsidy assistance for Solar power project
- Subsidy assistance to tea manufactures to purchase Moisture meters
- Subsidy assistance for tea manufactures to obtained food safety quality certifications.
- Initiating soft loan scheme to tea factories through the tea brokers for purchasing fertilizer for their green tea leaves suppliers under the 8% annual interest basis
- Continuation of Subsidy assistance for establishment of tea nurseries
- Assisting the Sri Lanka customs, Sri Lanka Police, and security forces working with regulatory matters.
- Maintaining the tea land registration database and updating the records to regulate the tea industry.

### 2.1.1. Registration of Manufacturers and Factories

Tea manufacturers must register with the Tea Commissioner to produce and sell tea through the Colombo auction. All registered factories are required to maintain minimum quality standards for buildings, equipment, and operational practices. These standards ensure a conducive environment for the production of high-quality tea.

Table 2.1.1: Classification of Tea Factories by Operation

Status	High	Medium	Low	Total
No.of Tea Factories Registered with SLTB	205	244	566	1,015
No of Tea factories in operation in 2023 (orthodox/CTC/Green)	157	112	385	654
No of Registered Hand Made Tea factories	5	8	27	40
No of Registered Refuse Tea factories	31	88	41	160
No of Registered Demonstration Tea factories	-	1	-	1
No of Tea Factories not in operation in 2023	12	35	113	160

Source : Sri Lanka Tea Board

#### Registration of Hand Made Tea Producers

In accordance with the provisions of the Tea Control Act, the Sri Lanka Tea Board launched a new scheme to register handmade tea producers in Sri Lanka. This initiative primarily aims to support small-scale producers. Handmade teas are in high demand in the global market due to their exceptional quality and unique production methods. These teas are typically hand-picked and grown using traditional, organic, or sustainable farming practices. As of today, 40 handmade tea producers have been registered under this scheme.

### 2.1.2. Reasonable Price Payable for Bought Leaf

The Tea Control Act mandates that factories processing bought leaf should be paid according to the Tea Commissioner's reasonable price formula. Regional Tea Inspectors conduct monthly inspections to verify payment confirmations from these factories. Assistant Tea Commissioners in each area oversee this process. The Sri Lanka Tea Board (SLTB) officers address any complaints of defaulted or delayed payments. After investigating such claims, the SLTB recovers due amounts from the auction proceeds and disburses them to the leaf suppliers.

#### Defaulted Payment

During the year under review, the aggregate defaulted payment to green leaf suppliers stood at Rs 972 million as of January 1, 2023. Additionally, an amount of Rs.70.3 million was successfully recovered and disbursed to the leaf suppliers.

Table 2.1.2: Status of Defaulted Payment (in Rupees)

Region	Amount as at 2023.01.01	Amount added during 2023	Amount Recovered & paid	Balance payment due to smallholder as at 31.12.2023	Amount due from functioning factories	Amount due from closed Factories
Ratnapura	415,538,692.71	147,589,175.89	3,935,002.33	559,192,866.27	353,267,759.66	187,801,400.93
Matara	64,139,582.78	41,886,390.65	2,719,171.13	103,306,802.30	100,476,534.48	2,830,267.82
Gampola	126,156,618.64	6,546,949.35	9,674,583.89	123,028,984.10	102,059,889.04	20,969,095.00
Galle	221,117,032.52	29,021,564.19	1,534,660.30	249,884,987.29	181,584,406.28	56,039,156.33
Baduraliya	47,868,679.49	-	-	47,868,679.49	28,110,194.30	19,758,485.19
Nuwara Eliya	67,021,494.05	5,839,702.69	39,174,431.15	33,686,765.59	14,009,665.95	19,677,099.64
Bandarawela	20,751,291.72	-	13,297,605.99	7,453,685.73	7,370,094.18	83,591.55
<b>Total</b>	<b>962,593,391.91</b>	<b>230,883,782.77</b>	<b>70,335,454.79</b>	<b>1,124,422,770.77</b>	<b>786,878,543.89</b>	<b>307,159,096.46</b>

Source : Sri Lanka Tea Board

### 2.1.3. Preserving the Green tea Leaf quality standards

#### a) The “B Leaf 60” program to improve the green tea leaf standard.

Green tea leaves are the sole raw material for producing made tea. Therefore its quality significantly impacts the final made tea quality. A Gazette notification has been issued on 14th December 2010 by the Sri Lanka Tea Board addressing the green tea leaves quality control. As per the gazette notification, This notification mandates a minimum of 60% “best leaf percentage” at the handling point. In line with this regulation, the B60 program continued throughout 2023.

To promote awareness, a wide range of programs Table 2.1.3: Regional-dealers green tea leaf standards.

were conducted across all tea-growing regions. These programs targeted tea factory owners, leaf collectors, and tea growers. Additionally, nationwide awareness campaigns were implemented through radio channels, newspapers, and social media platforms. The goal was to emphasize the importance of maintaining tea quality throughout the entire production process, “from leaf to cup.” Green tea leaf quality assessments at dealers’ handling points are categorized into three main criteria as best, below best and poor

Region	Best	Below Best	Poor
Gampola	35	18	47
Galle	40	12	48
Baduraliya	30	23	47
Matara	44	16	40
Ratnapura	51.5	23.8	24.7
Nuwara-Eliya	36	25	39
Bandarawela	28	38	34

Source : Sri Lanka Tea Board

#### b) Licensing of Green Tea Leaf dealers

The Tea Control Act mandates the registration of green tea leaf dealers, with annual renewals required. Before renewing a registration, the Sri Lanka Tea Board (SLTB) conducted thorough inspections to ensure that collecting centers and vehicles used for green tea leaf transportation meet established quality standards.

Table 2.1.4: No. of Green tea licenses issued during 2023

ATC – Region	License dealers as at 01.01.2023	Renewals of Licenses	New Licenses issued	Licenses to deal in Green Tea Leaf as at 31.12.2023
Bandarawela	185	180	07	187
Gampola	179	173	04	177
Matara	258	250	-	250
Galle	239	243	01	244
Ratnapura	504	487	09	496
Baduraliya	232	222	05	227
Nuwara-Eliya	106	98	07	105
<b>Total</b>	<b>1703</b>	<b>1653</b>	<b>33</b>	<b>1686</b>

Source : Sri Lanka Tea Board

#### c) Rush Crop Management program during the festival season

This project aimed to mitigate crop losses experienced during the festival season, typically resulting from the temporary closure of tea factories for an extended duration. During the year 2023 also, through the concerted efforts of the Tea Commissioner’s Division, several measures were implemented to achieve this objective. These included limiting the closure period of tea factories to between April 10th and April 17th or ensuring factories remained operational whenever feasible. Additionally, tea growers were advised to engage in high-intensity leaf plucking prior to the commencement of the holiday season. Furthermore, instructions were issued to all tea factories to complete grading and sell their products exclusively through approved channels before the onset of the festival season. These strategic actions have played a crucial role in minimizing crop losses and ensuring the sustained productivity of the tea industry.

**d) The “Model Tea Garden project”**

The aim of this project is to promote mechanized, sustainable tea plantations in Sri Lanka. This year, the project has seen further success with the provision of subsidy assistance totaling Rs. 7.8 million for 26 lands. One new application received & considered for the year 2023. Through the implementation of project, it was expected to enhance tea land and labor productivity within the sector, ensuring a consistent and steady yield throughout the year, extending the economic lifespan of tea plantations, and reducing production costs and 60% reduction of leaf plucking expenses. Additionally, the project aimed to maintain leaf standards at a moderate level and introduce gap standards into tea plantations, facilitating the attainment of certifications such as the Rain Forest Alliance certification. Through these efforts, the project endeavored to foster sustainability and efficiency in Sri Lanka’s tea industry while ensuring its long-term viability and competitiveness.

Table 2.1.5: Model Tea Land Subsidy Payments

Region	No.of Lands paid	Amount paid	No.of inspections done
Gampola	4	1,005,000	13
Bandarawela	1	150,000	03
Ratnapura	3	700,000	17
Baduraliya	3	750,000	12
Matara	4	1,150,000	43
Galle	9	3,892,000	20
Nuwara-Eliya	2	250,000	11
<b>Total</b>	<b>26</b>	<b>7,897,000</b>	<b>119</b>

Source : Sri Lanka Tea Board

**e) The Subsidy Scheme for Replanting**

A total of Rs 53.8 million in funds has been spent from the Sri Lanka Tea Board to support the development of the tea sector, specifically for activities such as replanting, new planting, and infilling of tea during the year 2023. These funds are being utilized to provide subsidies primarily to corporate and private sector estates spanning over 10 acres in size. The project was implemented with the aim of enhancing tea production levels, while boosting the productivity of tea lands, meeting the national tea replanting target of 3% and thereby contributing to the overall growth and sustainability of the tea industry in Sri Lanka.

Table 2.1.6: Replanting Subsidy Payments

Region	No.of Applications received	Amount Paid(Rs)	Extent (Hec)	No.of inspections done
Gampola	80	7,918,800	50.55	92
Bandarawela	10	1,572,700	7.11	09
Ratnapura	33	15,169,650	72.34	128
Baduraliya	7	3,648,400	14.99	45
Matara	14	5,638,800	19.25	132
Galle	23	5,570,950	26.22	110
Nuwara-Eliya	20	12,901,550	76.43	94
<b>Total</b>	<b>187</b>	<b>52,420,850</b>	<b>266.89</b>	<b>610</b>

Source : Sri Lanka Tea Board

**f) Subsidy scheme for Sprinkler irrigation systems**

The project started in 2021 with the aim of to introduce new technologies for tea cultivation and to minimize the impact of climate change. The project implemented for medium-scale tea landowners, encouraging the adoption of Drip and Sprinkler water technology for tea cultivation. The subsidy amount provided was Rs.120,000 per acre. During the year 2023 Rs.5.19mn paid for the 06 Beneficiaries.

### g) The Subsidy Scheme for Replanting with mechanized harvesting

To implement model tea lands concept in field this subsidy scheme was successfully introduced. It covered the tea field which used machineries for land preparation, composting, setting up suitable irrigation system (Drip or Sprinkler) and planting tea with double hedge row system to develop the field with mechanized harvesting practices.

Table 2.1.7: Subsidy Scheme for Replanting with mechanized harvesting

Region	No.of Lands paid	Amount Paid(Rs) Mn
Gampola	3	2,638,350
Bandarawela	-	-
Ratnapura	2	3,697,500
Baduraliya	3	1,123,125
Matara	3	2,137,500
Galle	6	3,067,500
Nuwara-Eliya	2	448,125
<b>Total</b>	<b>19</b>	<b>13,112,100</b>

Source : Sri Lanka Tea Board

### h) The program of Tea Land Registration

All tea lands had to be registered with the Tea Commissioner as a regulatory requirement. Nearly 485,000 acres of tea land had already been registered. All the details were computerized, and SLTB could issue revision notices every other year.

Table 2.1.8: Summary of Registered Tea lands with SLTB

Land Category	Land Extent (Acres)	Number of Holdings
0 < 5(Acres)	366,577.49	415,596
5 < 10(Acres)	24,283.76	3,392
10 < 50 (Acres)	59,283.44	2,803
50 < (Acres)	42,282.06	253
<b>Total</b>	<b>492,426.75</b>	<b>422,044</b>

Source : Sri Lanka Tea Board

### i) Tea Nursery Subsidy Scheme

The allocated subsidy amount per nursery was Rs. 1.5 million, disbursed upon completion of stages. Beneficiaries were furnished with detailed guidelines delineating the procedures they were obligated to follow during the installation of a tea nursery. Payments for various stages of certain nurseries continued into the current year as well.

Table 2.1.9: Tea Nursery Subsidy Payments 2023

Region	No.of Nurseries paid	Amount paid (Rs.)
Gampola	2	1,450,000
Ratnapura	2	1,250,000
Baduraliya	1	750,000
Matara	3	1,200,000
Galle	1	750,000
<b>Total</b>	<b>09</b>	<b>14,650,000</b>

Source : Sri Lanka Tea Board

### j) Subsidy scheme for Organic fertilizers

In accordance with a policy decision made by the government, SLTB initiated a program aimed at establishing organic fertilizer manufacturers in tea-growing areas. This program has persisted as a supportive initiative dedicated to enhance soil health and organic matter content. The application of organic matter to soil has been demonstrated to increase the productivity of tea land by enhancing the reabsorption of chemical fertilizer.

Table 2.1.10: Subsidy scheme for Organic Fertilizer 2023

Region	No.of units paid	Amount Paid (Mn. Rs)
Gampola	2	200,000
Bandarawela	1	100,000
Ratnapura	1	100,000
Baduraliya	4	800,000
Matara	2	500,000
Galle	-	-
Nuwara-Eliya	1	200,000
<b>Total</b>	<b>11</b>	<b>1,900,000</b>

Source : Sri Lanka Tea Board

### k) Subsidy Scheme for Establishment of High Shade Trees in Tea Lands

This subsidy scheme encompassed revenue-generating tea lands which is not going to uprooting or replanting within the next two years. The approved subsidy amount was Rs.100.00 per high shade tree, with a maximum of 28 trees per acre. Under this scheme, a total of Rs.286,500 has been disbursed for 6 estates located in the Matara, Galle, and Nuwara Eliya regions.

## 2.1.4. Quality Improvement Activities at Tea Factory Level

Ensuring proper maintenance of buildings, equipment, and machinery within a tea factory is imperative to produce high-quality tea. Additionally, adherence to standard guidelines and directives issued by the Sri Lanka Tea Research Institute is essential for the smooth operation of the factory. Failure to meet these requirements may result in the suspension or cancellation of the factory's registration by the tea commissioner. Regional assistant tea commissioners conduct inspections to monitor compliance with these standards and provide recommendations based on their field activities. Furthermore, officials from the regional office offer advisory services to help maintain these requirements. Accordingly, the following activities are conducted to enhance the conditions of the tea factory and its manufacturing processes.

- Establishment of GMP, HACCP standards in tea Factories & warehouses
- Surprise Inspections (Task Team Operations- TTO)
- Low NSA Strategy
- Licensing of Refused Tea processors and Improving the Good Manufacturing Practices (GMP) at Refused Tea Centers
- Auction rights for Refused tea processors

### a) Establishment of GMP, HACCP standards in tea Factories & warehouses

The Sri Lanka Tea Board (SLTB) operates numerous programs aimed at enhancing the standards of tea factories. Several subsidy schemes have been introduced to elevate these standards.

#### i. Good Manufacturing Practices (GMP) program

One such initiative is the Good Manufacturing Practices (GMP) program, which is tailored to offer essential guidance for enhancing the quality standards of tea manufacturing processes. Under this program, a total of 536 assessments were conducted, leading to the implementation of necessary actions to improve the standards of tea manufacturing processes accordingly.

Table.2.1.11 : GMP Assessments were done at Regional wise

Region	Assessments of GMP	No. of factories in Grades		
		Excellent	Good	Average
Bandarawela	61	29	32	-
Gampola	84	44	37	03
Ratnapura	89	38	42	08
Matara	27	16	09	02
Galle	95	65	30	-
Baduraliya	50	15	29	08
Nuwara-Eliya	88	59	26	03
<b>Total</b>	<b>494</b>	<b>266</b>	<b>205</b>	<b>24</b>

Source : Sri Lanka Tea Board

#### ii. The Factory Modernization Subsidy Scheme

The programme offers financial assistance to tea factories aimed at enhancing the quality of tea produce, introducing new technology to the tea industry, and modernizing the tea factories.

Table 2.1.12: Factory Modernization Subsidy Scheme

Region	No. of applications received	No. of factories paid	Amount paid (Rs)	No. of inspections done
Gampola	05	07	5,484,617.49	17
Bandarawela	01	02	894,999.67	03
Ratnapura	10	-	-	22
Baduraliya	03	06	5,289,314.33	05
Matara	05	05	2,687,766.33	18
Galle	07	03	2,264,834.33	20
Nwara-Eliya	12	02	363,400.00	13
<b>Total</b>	<b>43</b>	<b>25</b>	<b>16,984,932.15</b>	<b>98</b>

Source : Sri Lanka Tea Board

#### iii. Subsidy assistance for Food Safety Certifications (ISO 22000/HACCP) for registered Tea Factories

Due to the increasing concern among tea consumers regarding food safety, it has become imperative to provide them with assurances such as Food Safety Certificates like ISO 22000/HACCP, issued by internationally accredited bodies. Such certifications not only serve as a guarantee of food safety but also function as effective marketing tools. Therefore, the Sri Lanka Tea Board (SLTB) has facilitated and encouraged factories to implement these quality standards and obtain certification for such systems. The Sri Lanka Tea Board (SLTB) is considered as a mandatory for all operational tea factories to possess food safety certification. During the renewal of registration, the SLTB monitors the certification requirement and necessary guidelines which were provided to ensure compliance and facilitate the

acquisition of certification. The Sri Lanka Tea Board (SLTB) introduced subsidy scheme for certification fee( Rs. 75,000.00) to a tea factory as a motivating factor to encourage implementation and acquisition of certification. Throughout the year, a total of Rs. 926,900 was disbursed for 13 tea factories under this program.

Table 2.1.13 : No of Factories Obtained Quality Certifications

Region	HACCP	ISO 22000	Other Certification **
Bandarawela	61	61	21
Gampola	04	05	-
Ratnapura	44	46	10
Matara	26	49	18
Galle	50	04	12
Baduraliya	07	24	08
Nuwara-Eliya	02	91	16
<b>Total</b>	<b>194</b>	<b>280</b>	<b>85</b>

Source : Sri Lanka Tea Board

\*\*Note - RA/CQC/GMP

#### iv. Subsidy scheme for Installation of Solar power on the Rooftop of tea factories and warehouses

In response to the issue of power supply in the Tea Sector and to promote the utilization of environmentally friendly renewable energy sources within the sector, the Sri Lanka Tea Board initiated a subsidy scheme in the year 2021 by registering manufacturers, exporters, and brokers. In the current year, subsidy payments for solar projects continued, amounting to 14.076 million rupees distributed among 31 registered Tea Manufacturers and 3 exporter warehouses.

#### v. Subsidy scheme for purchase of moisture meters for Registered Tea manufactures

Maintaining moisture levels in tea and accurately recording them at the factory level has become of paramount importance. Elevated moisture content in tea can lead to microbial growth, resulting in quality issues during marketing. Therefore, it has been mandated to maintain moisture levels at or below 6.5% at the point of factory dispatch. To encourage and facilitate compliance with this requirement, the Sri Lanka Tea Board provided subsidy assistance for the purchase of moisture meters.

Table 2.1.14 : Subsidy scheme for Moisture meter distribution

Region	No.of units paid	Amount Paid (Mn. Rs)
Gampola	07	700,000
Bandarawela	03	300,000
Ratnapura	23	2,300,000
Baduraliya	-	-
Matara	10	976,875
Galle	12	1,200,000
Nuwara-Eliya	06	600,000
<b>Total</b>	<b>61</b>	<b>6,076,875</b>

Source : Sri Lanka Tea Board

#### b) Surprise Inspections (Task Team Operations-TTO)

Task Team Operations are being conducted to control malpractices within the tea industry, with a team headed by the Anti-Traffic Coordinator (ATC) overseeing these operations. In the year 2023, field officers from the Tea Commissioner's Division conducted 126 surprise inspections at various tea factories.

Table 2.1.15: Task Team Operations

Region	No of Inspections done
Bandarawela	03
Gampola	16
Ratnapura	18
Matara	42
Galle	60
Baduraliya	15
Nuwara-Eliya	26
<b>Total</b>	<b>180</b>

Source : Sri Lanka Tea Board

#### c) Licensing of Refused Tea dealers and Improvement of Good Manufacturing Practices (GMP) at Refused Tea reprocessing Centers

The re-processing of refused tea involves the extraction of consumable tea from reclaimable tea. Refused tea dealers are mandated to register with the Sri Lanka Tea Board. Additionally, the Good Manufacturing Practices (GMP) program is being implemented to offer essential guidance aimed at enhancing the quality standards of Refused Tea Centers. Transport permits are also necessary for the transportation of refused tea, and these permits are issued by the SLTB.

Table 2.1.16 : No.of refuse tea processing centers & no.of permits & quantity Issued for 2023

Region	Registered Processors as at 01.01.2023	Renewals during the year	Newly issued during the year	No of Processing Centers as at 31.12.2023	No of Permit Issued as at 31.12.2023	Refused tea Qty. bought by the dealers through the permits (kg)
Bandarawela	01	01	02	03	747	3,345,724
Gampola	120	105	01	106	445	2,561,218
Matara	4	04	-	04	230	720,908
Galle	3	02	-	02	392	811,855
Rathnapura	4	05	03	08	753	2,909,525
Baduraliya	9	08	01	09	1,178	5,062,402
Nuwara-Eliya	2	02	01	03	1,959	12,210,676
<b>Total</b>	<b>143</b>	<b>127</b>	<b>08</b>	<b>135</b>	<b>5,704</b>	<b>27,622,308</b>

Source : Sri Lanka Tea Board

**d) Auction rights for Refused tea processors**

A system has been introduced to grant approvals of auction rights to Refused Tea Processors. It is required to have a minimum 80% of the GMP standard to be qualified in obtaining auction rights. There are 8 new refused tea processing centers that were granted auction rights in 2023.

**2.1.5.Fresh Tea Festival 2023**

The Annual Fresh Tea Festival, a significant cultural event within the Sri Lankan tea industry, was successfully celebrated by the Sri Lanka Tea Board this year across various religious sites in all tea-growing districts. The event aimed to seek blessings for the prosperity of the tea industry, representing the diverse religious fabric of the country.

A distinctive aspect of this Tea Festival is the presentation of tea produced from the initial harvest of tea plantations, immediately following the Sinhala and Tamil New Year festivities, to religious sites such as temples, churches, mosques, and kovils at the break of dawn on Vesak Poya Day.

The main ceremony took place at the historic Gatabaru Rajamaha Vihara in Kotapola, with the participation of all stakeholders affiliated with the tea industry, including the Sri Lanka Tea Board, Tea Small Holding Development Authority, Tea Research Institute, tea factory owners, green tea leaf dealers, and tea smallholders. Regional ceremonies were concurrently held at various religious sites representing all religions on the same date.



## 2.2.Tea Export Section

The powers and functions of the Tea (Tax & Control of Exports) Act no. 16 of 1959 and regulations laid down under the Sri Lanka Tea Board Law no. 14 of 1975 are administered by the Tea Exports Section of the Sri Lanka Tea Board.

The primary responsibilities undertaken by this section encompass the registration of tea exporters, tea packers, warehouses, and importers, as well as the categorization of tea packs. Additionally, it involves the retrieval of tea, enforcement of minimum quality standards, authorization of tea exports, compilation of export statistics, and oversight of tea exports under bilateral Free Trade Agreements (FTAs) of Sri Lanka.

Furthermore, in a concerted effort to enhance the efficacy and efficiency of tea exports while upholding the esteemed reputation of Sri Lankan tea, the Sri Lanka Tea Board collaborates with Sri Lanka Customs to conduct joint investigations on tea consignments at the Sri Lanka Customs Exports Facilitation Center (EFC).

Furthermore, to ensure the safeguarding and enhancement of tea processing quality at all exporter warehouses, it was declared that the HACCP quality certification is a mandatory requirement for all warehouses to conduct their operations. Additionally, Good Manufacturing Practices (GMP) assessments are being carried out at exporter warehouses.

Moreover, the interest subsidy scheme initiated by the Sri Lanka Tea Board in 2021 was continued during the year 2023 to encourage export packaging factories.

### 2.2.1.Registrations

Table 2.2.1: Registration statuses of exporters, packers, warehouses, importers, and produce brokers.

Registrations	As at 01.01.2023	New Registrations	Total No. as at 31.12.2023
Exporters	401	58	421
Packers	703	157	670
Warehouse	283	28	292
Importers	103	03	111
Produce Brokers	8	-	8

Source : Sri Lanka Tea Board

All registered tea exporters are required to submit CUSDECs with other required documents to the Tea Exports Section through ASYCUDA System in order to obtain the authorization for export. A team of SLTB officers conducts inspections on tea consignments slated for export to ensure compliance with the requisite export standards with the Sri Lanka Tea Board functions in accordance with the provisions of the said regulations.

Retail containers which contain other origin specialty tea blended with Sri Lanka Teas would export under the Sri Lanka Tea Board Regulations (Import & Export) 1981. Such containers/ packs should bear the narration "A Blend of Ceylon and other origin Teas packed in Sri Lanka" or "Other Origin Teas packed in Sri Lanka" only and all containers shall be registered with the Sri Lanka Tea Board.

## 2.2.2. Importation of Tea

The Sri Lanka Tea Board has issued 521 of import permits for Importation of 6,938,451.50kgs of tea. However; the actual quantity of import was 6,558,843.64kgs during the period under review.

Table 2.2.2: Actual Imports - January - December 2023

Country	Type	Imported	CIF	Value
		Qty. (kgs)	Value (Rs.)	Rs.
China	Green Tea	1,006,899.50	765.71	770,995,318.02
	Green Tea - Special	982,517.00	1,020.74	1,002,894,184.67
	Black Tea - Special	26,996.00	2,514.11	67,870,806.80
	<b>Sub Total</b>	<b>2,016,412.50</b>	<b>913.38</b>	<b>1,841,760,309.49</b>
India	Black Tea - CTC	2,227,123.25	765.99	1,705,943,534.79
	Black Tea - Special	979,977.73	1,363.00	1,335,710,011.59
	Green Tea	10,490.00	3,439.60	36,081,439.50
	Green Tea - Special	2,000.00	1,394.00	2,788,000.00
	<b>Sub Total</b>	<b>3,219,590.98</b>	<b>956.81</b>	<b>3,080,522,985.88</b>
Kenya	Black Tea - CTC	1,282,404.16	693.96	889,939,173.06
	<b>Sub Total</b>	<b>1,282,404.16</b>	<b>693.96</b>	<b>889,939,173.06</b>
Africa	Black Tea - CTC	2,396.00	1,442.60	3,456,469.60
	<b>Sub Total</b>	<b>2,396.00</b>	<b>1,442.60</b>	<b>3,456,469.60</b>
Japan	Green Tea	410.00	4,407.31	1,806,995.20
	Green Tea - Special	11,850.00	5,156.65	61,106,247.70
	<b>Sub Total</b>	<b>12,260.00</b>	<b>5,131.59</b>	<b>62,913,242.90</b>
Nepal	Black Tea - CTC	120.00	14,700.00	1,764,000.00
	<b>Sub Total</b>	<b>120.00</b>	<b>14,700.00</b>	<b>1,764,000.00</b>
UK	Black Tea Special	310.00	1,119.84	347,150.00
	Green tea	125.00	1,204.74	150,592.25
	<b>Sub Total</b>	<b>435.00</b>	<b>1,144.24</b>	<b>497,742.25</b>
Vietnam	Green Tea	23,170.00	440.59	10,208,400.00
	<b>Sub Total</b>	<b>23,170.00</b>	<b>440.59</b>	<b>10,208,400.00</b>
Taiwan	Green Tea - Special	30.00	19,082.00	572,460.00
	<b>Sub Total</b>	<b>30.00</b>	<b>19,082.00</b>	<b>572,460.00</b>
Myanmar	Black Tea - Special	445.00	1,191.40	530,173.00
	Green Tea	1,300.00	1,280.00	1,664,000.00
	Green Tea - Special	280.00	1,280.00	358,400.00
	<b>Sub Total</b>	<b>2025.00</b>	<b>1,260.53</b>	<b>2,552,573.00</b>
<b>Grand Total</b>		<b>5,276,439.48</b>	<b>898.66</b>	<b>5,894,187,356.18</b>

Source : Sri Lanka Tea Board

### 2.2.3. Maintenance of Minimum Quality Standard ISO 3720 for Made Tea

The Expert Panel of Tea Tasters appointed by the Sri Lanka Tea Board examines all the offered tea samples and samples drawn from tea factories, the unloaded consignments after import, consignments prepared for export in order to ascertain whether the made tea in concern falls under the permitted categories, conforms to ISO 3720 and free of any contamination, thereby permitting only the suitable made tea for export.

Table 2.2.3: No. of quality defects at each sampling level

Type of sampling	No. of samples drawn	No. of cases detected as below ISO and contamination
Pre-auction sample drawn by export division	3783	260
Pre-auction with-drawals (by the panel)	2839	
Pre-shipment	10482	7

Source : Sri Lanka Tea Board

#### a) Denaturing of tea due to unsuitability for consumption

Made tea found to be unsuitable for human consumption at the levels of pre-auction, pre-shipment and special investigations is denatured under the supervision of the Export Section. This section has denatured 141360.44Kgs of made tea identified at all levels above in 2023.

#### b) Retrieval of Tea

If a consignment of tea is not accepted by the overseas buyer, the local exporter has to retrieve the same with the approval of the Sri Lanka Tea Board. The consignment is re-inspected by the SLTB prior to granting the authorization for export /Re-use.

#### c) Withdrawn tea lots

Only the tea lots with only high crude fibre level (more than 16.5%) will be released based on the compounding charge return to estate for upgrading and after upgrading, the manufacturer can re-catalogue from the same invoice number.

### 2.2.4. Performance of Exports under the FTAs

Sri Lanka enjoys preferential Tariff Rate Quota (TRQ) for tea under the Indo-Sri Lanka Free Trade Agreement (ISFTA) and Pakistan-Sri Lanka Free Trade Agreement (PSFTA). However, a substantial utilization of TRQ has not been recorded in 2023.

Table: 2.2.4: Utilization of TRQ under the FTAs

FTA	Quota per annum (kg)	Total exports (kg.)
India - Lanka	15,000,000	45,620.35
Pakistan - Lanka	10,000,000	0

Source : Sri Lanka Tea Board

### 2.2.5. Interest Subsidy Scheme for Upgrading or Modernizing of Tea Export Packaging Factories

To Facilitate exporters, Sri Lanka Tea Board has launched an interest subsidy scheme which exporter entitled for an interest subsidy maximum 50% of the interest payable to the Exporter up to five million rupees per num for a period of 5 years and the maximum sealing of a rate of 10% interest. The objectives of the subsidy scheme was to enhance product diversifications, quality improvements, high value addition and to fulfil consumer needs which prevailed in the global tea market.

During the year 2023, two additional exporters enrolled in the scheme, bringing the total number of subsidized exporters to 10 by the end of the year.

## 2.3. Tea Promotion Division

Tea Promotion Division is responsible for the implementation of Ceylon Tea promotional programs locally and in foreign markets which can be classified under the following broad categories;

- I. Uni-national Promotion of Ceylon Tea through social media, PR and TTL
- II. Generic Promotion of tea.
- III. Brand promotion for Sri Lanka owned Lion Logo franchised brands.
- IV. Participation at International Food & Beverage Trade Fairs and Exhibitions.
- V. Compilation & dissemination of strategic market profiles on all important tea consuming countries.
- VI. Assisting Ministry of Plantation Industries on policy formulation for the Tea Sector.
- VII. Analysis of competitor activities.
- VIII. Lion Logo Trade Mark registration and monitoring as well as franchising to the private sector packers.
- IX. Process for the Protection of Ceylon Tea & other Regional Tea growing names/logos as Geographical Indications.
- X. Ozone friendly Pure Ceylon Tea Logo registration and franchising to private sector packers.
- XI. Geographical Indications for Ceylon Tea – Tri-party Project with AFD, CIRAD & SLTB
- XII. 5% incentive scheme for enhancing the Value-Added Tea exports revenue
- XIII. Execution of Tea for oil barter scheme with Iran and Sri Lanka
- XIV. Local Tea Promotion.

### 2.3.1. Uni-National Promotion of Ceylon

Uni-National Promotion of “Ceylon Tea” refers to promoting and publicizing Sri Lankan tea in oppose to teas from other origins. Through the Commercial Sections of Sri Lanka Missions Abroad and the Overseas Tea Promotion Units, the Tea Board initiates national marketing efforts for Ceylon Tea in overseas markets. The primary components of the Board’s uni-national promotion operations are media advertising (TTL & Social/Digital), outdoor advertising, liquid tea services, tea workshops and seminars, and other public relations initiatives.

### 2.3.2. International Tea Day 2023

The slogan of this year international celebration was “A new chapter for Ceylon Tea”. The challenges faced by the local tea industry were acknowledged by the Chairman of the Sri Lanka Tea Board during the International Tea Day celebration.

He emphasized that this year’s celebration aimed to honor the resilience of the smallholder tea growers. Their ability to overcome the hardships brought on by the pandemic was highlighted, as they are now positioned to achieve high profitability levels once again. Over 400,000 smallholder tea garden owners and their families were saluted on this day, in recognition of their contribution to Sri Lanka’s economy. These individuals, who produce 70% of the country’s finest exported tea, were acknowledged during a celebration held with all industry stakeholders and the FAO.

A facebook post which has been published celebrating international tea day.



Sri Lanka Tea Board launched the campaign on Ceylon tea to celebrate the International Tea Day through Social and Digital Media targeting 18 countries namely, Saudi Arabia, Turkey, UAE, Germany, Japan, USA, UK, Australia, Chile, Italy, France, Poland, South Korea, Taiwan, New Zealand, Hong Kong, Canada and Sri Lanka. Achieved the total reach of 3,227,646 with the total impressions of 3,279,811 through this campaign.

In Parallel, China Cultural Centre in Sri Lanka and Sri Lanka Tea Board jointly organized the tea demonstration session to celebrate International Tea day.



### 2.3.3. Trade Fair Participation

In 2023, the Sri Lanka Tea Board facilitated the participation of Sri Lankan exporting companies in international trade shows held in select countries. This participation aimed to showcase both the unique brands of participating companies and “Ceylon Tea” as the national brand. The Sri Lanka Tea Board subsidy covered half of the expenses for booth construction and space rental. The chosen participants were responsible for the remaining costs and any associated charges. The list below details the trade shows in which the Sri Lanka Tea Board provided assistance and participated throughout 2023.

- Gulfood 2023 Trade Exhibition in Dubai, UAE. A Ceylon Tea pavilion was organized by the Sri Lanka Tea Board at Gulfood 2023, held in Dubai from February 20<sup>th</sup> to 24<sup>th</sup>. This pavilion accommodated 15 Sri Lankan tea exporting companies, facilitating the showcasing of Ceylon Tea products to generate new business leads and expand their existing global client base. Gulfood is recognized as the largest international food and beverage exposition in the Middle East & Gulf region.



- Ceylon Tea presence at the Prodexpo 2023 in Moscow, Russia



- Ceylon Tea presence at Foodex 2023, Japan



- Ceylon Tea Promotion in International Travel & Hospitality Show in Moscow from 16<sup>th</sup> to 18<sup>th</sup> March 23



- Ceylon Tea Promotion at the Coffee Tea Cacao Russian Expo 2023 in Moscow (12<sup>th</sup> - 14<sup>th</sup> April 2023)
- Sri Lanka Tea Board participated at SIAL Canada 2023 exhibition in Toronto.



- Ceylon Tea presence at the SIAL China from 18<sup>th</sup> to 20<sup>th</sup> May in Shanghai, China.
- Ceylon Tea presence at Interfood Azerbaijan & Ceylon Tea Sampling & Brand Activation in Bolmart Supermarket in Baku, Azerbaijan - 17<sup>th</sup> - 19<sup>th</sup> May 2023.
- Ceylon Tea presence at the Food Taipei exhibition 2023
- A wide range of Ceylon Tea products, representing the finest teas in the world, were showcased at the Ceylon Tea Pavilion during the Summer Fancy Food Show 2023.



- Ceylon Tea Promotion at “Kursk Korensk Fair 2023” at Kursk region in Russia (17<sup>th</sup> - 18<sup>th</sup> June, 2023)
- Ceylon Tea Promotion at the Espacio 2023 Chile Exhibition together with 12 Sri Lankan companies in Santiago, Chile from 26<sup>th</sup> to 28<sup>th</sup> September 2023.
- Ceylon Tea presence at the World Food Moscow 2023 at Crocus City Expo Center, Moscow in Russia (19<sup>th</sup> - 22<sup>nd</sup> September 2023)

- Ceylon Tea at the Agro Pack Iraq 2023 in Erbil
- Ceylon Tea promotion at the Foodex Saudi Export 2023
- Ceylon Tea at the Tea & Coffee Festival in St. Petersburg 15<sup>th</sup> - 17<sup>th</sup> September 2023
- Ceylon Tea at the SIAL Shenzhen 2023 in China organized by the Tea Promotion Unit in Beijing.
- Sri Lanka Tea Board pavilion at the FoodAg 2023 Karachi, Trade exhibition in Pakistan from 10<sup>th</sup> to 12<sup>th</sup> August 2023
- Ceylon Tea presence at the Hong Kong International Tea Fair 2023 and Hong Kong International Tea Competition 2023
- Ceylon Tea at the Tea & Coffee Festival in St. Petersburg 15<sup>th</sup> - 17<sup>th</sup> September 2023. Organized by the Tea Promotional Unit in Moscow, Russia
- Ceylon Tea presence at the Abu Dhabi International Food Exhibition 27<sup>th</sup> - 29<sup>th</sup> November 2023.
- Ceylon Tea in Food Expo in Almaty, Kazakhstan (1<sup>st</sup> - 3<sup>rd</sup> November 2023).
- Ceylon Tea presences in Peterfood 2023 International Exhibition in St. Petersburg, Russia from 14<sup>th</sup> - 16<sup>th</sup> November 2023.
- Ceylon Tea Promotion at the China International Imports Exhibition 2023 In Shanghai - Sri Lanka Country pavilion.
- Ceylon Tea Promotion at the "Chashka" Tea Festival in Moscow (21<sup>st</sup> - 22<sup>nd</sup> October 2023).
- Ceylon Tea presence at the Xiamen 2024.
- Ceylon Tea presence at the ANUGA 2023 in Germany

### 2.3.4. Tea Promotion events with Foreign media personnel

#### i. Visit of Mr. Dan Bolton to Sri Lanka from 28<sup>th</sup> April to 11<sup>th</sup> May 2023

Mr. Dan Bolton, the founder of Tea Journey magazine visited Sri Lanka from 28<sup>th</sup> April to 11<sup>th</sup> May 2023. During his visit he covered number of fruitful visits and meetings with the tea industry stakeholders and SLTB officials. The visit of Mr. Bolton was able to cover a vast area related to sustainability of the tea industry and the same aspects of Tea Tourism in Sri Lanka.

- Visited Asia Siyaka & had a meeting with Mr. Anil Cook & discussed the new auction system. Hosting a podcast and a blog post were published
- Visited TRI & had meetings with its respective officials. Podcast and the blog post were published.
- Presentation on Macroeconomic Perspective of Production, Consumption, and Tea Market Trends was done to CTTA, T.E.A & P.A and industry stakeholders
- Hosted articles in Tea Journey and Tea Biz podcasts covering following areas

- Forest Hill Tea Estate, factory and its operations in Rathnapura
- Fresh Tea Leaves Festival in Badulla
- Visit to 'Madagama Tea Factory' in Neluwa and small tea estates and growers
- Visit to 98 acres resort, Ravana Zipline, Ravana Pool Club, specially highlighted available avenues of Tea Tourism in Sri Lanka



#### ii. Visit of Ms. Gabriella Scarpa to Sri Lanka from 5<sup>th</sup> to 15<sup>th</sup> October 2024

Ms. Gabriella Scarpa, Tea Expert of AR- Tea Academy in Italy visited Sri Lanka for the period of ten days in October 2023. Through a series of productive visits and meetings with stakeholders in the tea industry with the guidance and assistance of the Sri Lanka Tea Board (SLTB), she was able to comprehensively explore a wide range of topics related to specialty tea manufacturing and exports and tea tourism.

- To gain knowledge on tea exporter's role she visited several exporters, ex: Basilur Tea Exports and Amazon Tea Exports and tasted some value added teas and witness the packing process of value added teas.
- To get tea processing experience from tea leaf to made tea she visited Athukorala Tea Factory in Pitigala, Handunugoda Handmade Tea Factory in Matara, and Vithanakanda Tea Factory in Niwithigala. During these visits, field trips were undertaken to the respective estates, followed by factory tours to observe the production process of black and handmade teas in respectively.
- Participated for a meeting with CEO, Asia Siyaka & discussed the new online auction system. In addition to above places she also visited to Akbar Instant Tea Factory, Kadawatha.



- Experienced different flavored teas and Sri Lankan Cuisine at the Tea Avenue, Colombo had owner of the shop which belonged to the Empire Tea Exports. She visited Dilmah Tea Launch, Colombo, with the Chairman of Sri Lanka Tea Board to experience the real environment of Tea Restaurants managed by MJF exports. She experienced with Tea mocktails, tea cocktails, Italian food paired with teas. In addition to above places she visited Ceylon Tea Museum, and witnessed the old tea manufacturing machinery and equipment placed there in the museum. During the journey she visited Loolcondura Tea Estate, Galaha, Damro Labookellie Tea Estate and the factory, Uniliver Instant Tea Factory, Agarapathana and Amba Handmade Tea Factory. During her visit she went to Elephant Orphanage, Pinnawala, and Temple of Tooth relic in Kandy and visited 98 Acres Resorts and witnessed variety of beauty of culture, plantations and tourism.



The most special aspect of her visit was that after each stop, she published a social media post highlighting the value of Ceylon tea, its attributes and importance of the place, along with its key tourist attractions.

### iii. Sri Lankan Specialty and Handmade Tea Ecosystem Workshop by Ms. Joyce Maina (Director of European Specialty Tea Association)

Ms. Joyce Maina, Director of the European Specialty Tea Association and the Founder of Cambridge Tea Consistency conducted session on emerging trends and opportunities in the Specialty Tea Sector globally and empowering the direct exports and exploring market access opportunities for handmade/Artisanal tea producers in Sri Lanka. The session was held on 14<sup>th</sup> December 2023 at the Ceylon Chamber of Commerce with the presence of tea sector stakeholders.



Ms. Joyce Maina attended the Ceylon Specialty tea tasting session at the Sri Lanka Tea Board before her special session on "Specialty Tea Market Trend in globally".



### 2.3.5. Brand Promotion Scheme

The objective of this project is to provide financial assistance to the tea exporters for the promotion of their brands with Lion Logo certification. Required funds for the project provided from the Promotion & Marketing Levy established under SLTB.

The period for tea brand promotion projects was closed on March 31<sup>st</sup> 2023. Applicants submitted documents for evaluation for a total of 23 projects from 10 Companies. The evaluation process for these completed and submitted projects has already begun. Sri Lanka Tea Board was not in a position to apportion financial assistance to the Brand Promotion project submitted by 02 company for 03 projects. From the remaining 20 projects, evaluation were completed in following projects subject to the confirmation of the value with relevant exchange rates by the appointed Ministry Accountant.

- Finlays Colombo Ltd. (Alwazah Tea) - Saudi Arabia Market
- Akbar Brothers Exports (Pvt) Ltd. "Alghaza leen Brand" to Jordan
- Basilur Tea Exports (Pvt) Ltd. "Basilur Brand" - Baltics (Latvia)

### 2.3.6. 5% Incentive Scheme for value added teas (Less 3kg)

To promote value added tea exports, SLTB introduced 5% incentive scheme for value added tea (<3Kg) in 2022. Tea exporters who exports value added tea were eligible to apply for the scheme. They needed to satisfy following criteria. The evaluation was done for 290 value added tea exporters considering the 2021 and 2019. In accordance with the guidelines of the scheme issued by SLTB,

- Total export revenue and the revenue from the value-added category of the tea for calendar year should be higher than the base year (net revenue as the CBSL exchange rate)
- 5% incentive will be paid on the incremental value of the exports generated from the value-added category of tea (tea bags, tea packs below 3kg, instant tea & RTD, tea packs below 5kg only for Syria)
- Incentive scheme is only applicable on export revenue of value-added tea

Based on the above criteria, 92 eligible value-added exporters were selected. The budgetary requirement for the 5% incentive for these 92 value added exporters was Rs. 571,715,266.49. During the year Rs.561,174,382.89 Released for 79 value added Exporters.

### 2.3.7. Promotional Events and Activities

- Tourism and Ceylon Tea Promotion in Vienna  
The Embassy and Permanent Mission together with Sri Lanka Tourism Promotion Bureau and Sri Lanka Tea Board organized a destination promotion to commemorate 75<sup>th</sup> Anniversary of Independence of Sri Lanka at the high-end Wien Mitte Mall recently.



- Ceylon Tea Lion Logo Brands (Akbar, Impru, Dilmah, Tudor) Promotion inducted by the Tea Promotion unit in Moscow.

- Ceylon Tea, finest orthodox tea gifted to the world from Sri Lanka which was promoted at the UK Parliament High Commission, together with Sri Lanka Tea Board. SLTB Served afternoon tea at the Terrace Pavilion, at the Palace of Westminster during the visit of Foreign Minister Ali Sabry to the United Kingdom on 15th March 2023.



- Ceylon Tea at the Toronto Tea Festival  
Toronto Reference Library tea festival is the Canada's largest festival for tea lovers and it held for two days in January 2023



- Unique Russia Exhibition from 24th January - 05th February 2023 - organized by the Sri Lanka Embassy & Tea Promotion Unit in Moscow
- New Year Celebration with Ceylon Tea at the South Ural State University, Chelyabinsk, Russia - facilitate by the Tea Promotion Unit in Moscow
- Sri Lanka Embassy in Brazil Promotes Tourism, Tea & Cuisines at the International Food and Culture Bazaar 2023 in Brazil



- Sri Lanka Embassy in Tehran promotes Ceylon Tea at the International Tea Day 2023



- Ceylon Tea Promotion at "9<sup>th</sup> International Yoga Day" Festival in Moscow.
- Sri Lanka showcases the Ceylon tea brand at International Tea Day in UNESCO Headquarters in Paris
- Embassy of Sri Lanka in Kuwait participated in a promotional event on the sidelines of the Asia Cooperation Dialogue (ACD) Day Reception on 10<sup>th</sup> July 2023 at Crowne Plaza Hotel. Ceylon tea was demonstrated under the guidance of Sri Lanka Tea Board. Multiple varieties of ceylon tea were served to hundreds of visitors.
- A Ceylon Tea stall was also set up to promote 'Ceylon Green Tea' given the increasing demand of Australians for sustainable, nutrient rich and a healthy drink.
- Sri Lankans in Canada organized a Ceylon Tea promotion counter at the Folkfest Saskatoon, Canada. The event was there for 3 days. Our Consulate, Tea Legacy Pvt Ltd, Unicom Tea and Prana Wellness Tea sponsored with the samples and products.
- Ceylon Tea Promotion held in "OTDYKH" International Russian Travel Market exhibition in Moscow, joining with Sri Lanka Tourism (12<sup>th</sup> -14<sup>th</sup> September 2023).
- The Embassy of Sri Lanka in Iran, in collaboration with the Sri Lanka Tea Board, successfully organized a Ceylon Tea promotional program at the 10<sup>th</sup> International Exhibition of Drinks, Tea, Coffee and Related Industries (DRINK-TECH-2023) held at the Tehran International Fairground from 07<sup>th</sup> to 10<sup>th</sup> September 2023.
- Ceylon Tea presence at the 2<sup>nd</sup> International Tea Colors Exhibition in in Riyadh, KSA. On behalf of Sri Lanka Tea Board, the embassy is taking part in the 2<sup>nd</sup> International

Colors of Tea Exhibition. "Ceylon Tea Hut", with tea from 7 Regions of Sri Lanka has been the center of attention.

- Sri Lanka Embassy joined the International Festival Charity Bazaar held at the Austria Center on 9 Decerber 2023.
- Ceylon Tea Promotions at the 'Asia Day-2023' organized by the Austria Chamber of Commerce (WKO), in Vienna, on 5<sup>th</sup> December 2023.
- Sri Lanka Pavilion at COPE28 UAE
- Sri Lanka High Commission in London extended a of solidarity with Ceylon Tea at the Royal Hospital Chelsea
- Ceylon Tea demonstration at the Brooklyn mall, Pretoria, South Africa Organized by the Sri Lanka High Commission in South Africa.
- Value Added Ceylon tea and Ceylon Artisanal tea promotion in Italy
- Sri Lanka Embassy in Tehran participates at Iran Charity Bazaar 2023
- Ceylon Tea Brands Activation Program in Yubileyniy Super Market in Almaty, Kazakastan (1<sup>st</sup> - 3<sup>rd</sup> November 2023) - 3 Days - 9hrs per day. International Trade Exhibition was held in Almaty, parallel to the Foodexpo Kazakhstan 2023.
- The Embassy of Sri Lanka in Belgium hosted the first-ever Ceylon tea promotion and tea tasting event, titled "A Journey of Flavor and Aroma from Sri Lanka to Belgium," on October 18, 2023, at the Press Club Brussels.
- Ceylon Tea promotions at the China Tea Fair in Fuzhou, Fujian Province in South China and jointly promoted Ceylon Tea with Imperial Teas, Sinolan Teas and Continental Teas brands.



- Visit Sri Lanka with a 'Free Visa'! - Ceylon Tea presence at the promotional session conducted by the Sri Lanka Embassy in China.
- Ceylon Tea Promotion in "Kuban Christmas Fair" in Sochi, Russia -21<sup>st</sup> - 24<sup>th</sup> December 2023
- Ceylon Tea presence at the Sri Lanka Embassy in Riyadh, as part of the Economic Diplomacy Program by the Ministry of Foreign Affairs of Sri Lanka, organized a Tourism Promotional Event on December 13, 2023, at the embassy premises. The event witnessed the active participation of numerous tour operators, media representatives, and social media influencers.

### 2.3.8. Generic Tea Promotion

Generic tea promotion activities include competing with other drinks for the throat share by promoting tea. Sri Lanka Tea Board is a member of the International Tea Committee UK, the USA Tea Council, the Japan Tea Association, the Tea & Herbal Association of Canada, and the Intergovernmental Group on Tea of the Food and Agriculture Organization. These organizations handle the promotion of generic tea. The Tea & Health concept, which is supported by consumer education and public relations initiatives, is the primary emphasis of the generic tea promotion.

- Japan Tea Association delegation visited Sri Lanka Tea Board, Tea plantations, Ceylon Tea Museum & Tea Auction



- Sri Lanka Tea Board renewed the annual subscription of tea associations in USA, Canada and Japan. Annual subscriptions fees of USA -\$9,805, Canada -CAD 17,289 and Japan -Yen 250,000
- Successfully completed Ceylon Tea and food pairing sessions with the UK Tea Academy.

### 2.3.9. Registration of Ceylon Tea, Regional Names & Logos under Geographical Indications (GIs)

Through the provisions available under the TRIPS Agreement of the World Trade Organization, the Sri Lanka Tea Board developed the necessary rules and regulations for the protection of "Ceylon Tea" and seven other agro-climatic regional teas (NuwaraEliya, Uda Pussellawa, Dimbulla, Uva, Kandy, Sabaragamuwa & Ruhuna) as Geographical Indications. This would not only provide value and a premium price for Ceylon Tea marketed under GIs, but also assist prevent the misuse of "Ceylon Tea" and other regional tea growing names, especially by overseas contract packers.

### 2.3.10. GI Registration for Ceylon Tea

Supporting the creation of a geographical indicator (GI) and pertinent sustainability and quality certification systems for "Ceylon Tea" is the overarching goal of the CEYLON TEA GI PROJECT. According to that viewpoint, intellectual property protection specifically, Geographical Indications along with national and international certifications make the "Ceylon Tea" value chain more fruitful, inclusive, and sustainable while also enhancing value addition in global markets. Sustainability is taken into account in terms of its social, environmental, and economic elements. Products with a specific geographical origin and distinguishing characteristics or a reputation derived from that origin are designated with a GI indication. A sign that identifies a product as coming from a specific location is necessary for it to serve as a GI.

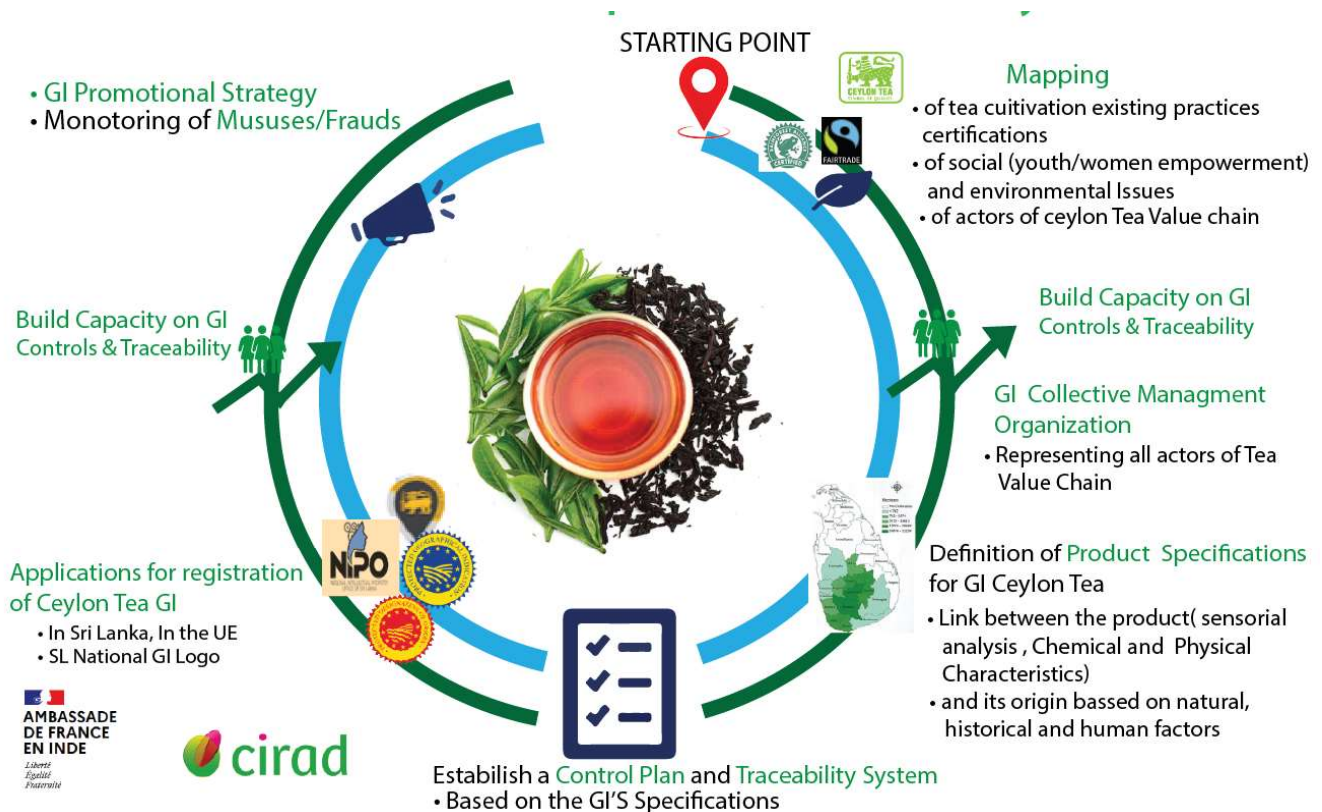




In the implementation process some activities have already completed such as Mapping, Build Capacity on GI Concept (E-Asia GI Training-Online), GI Collective Management Organization, and definition of product specification and build capacity on GI Concept - Advanced Training on GI. There are few tasks to be completed and those are establishment of Control Plan and Traceability System (Already started), Application for registration of Ceylon Tea GI and GI promotional strategy and monitoring misuses/frauds.

Regional workshops conducted in second round to develop control plan of Ceylon Tea GI. For that CIRAD conducted regional workshops in the month of October 2023 covering seven regional offices.

### Road Map towards GI Ceylon Tea



- The workshop held on the 17th of October at the Hotel Uma Garden, Kandegedara for the industry stakeholders in Baduraliya Region



- The workshop held on the 18th of October at the Hotel Sara Grand, Pitabaddara for the industry stakeholders in Matara Region



- The workshop held on the 19th of October at the Hotel Hasara, Galle for the industry stakeholders in Galle Region



- The workshop held on the 20th of October at the Hotel Silverray, Pelmadulla for the industry stakeholders in Rathnapura Region.



- The workshop held on the 23rd of October at the Heitage Grand Hotel, Badulla for the industry stakeholders in Bandarawela Region



- The workshop held on the 24th of October at the Black Pool Hotel, Nuwara Eliya for the industry stakeholders in Nuwara Eliya Region.



- The workshop held on the 25th of October at the Hotel Oak Ray Regency, Kandy for the industry stakeholders in Gampola Region



### 2.3.11. Trade Mark Protection



The Ceylon Tea Lion Logo Trade Mark is legally owned by Sri Lanka Tea Board. The Tea Board's Tea Promotion Division is responsible for registering and renewing the Ceylon Tea Lion Logo in Sri Lanka and other nations. As of 2023, the Lion Logo is registered in 103 nations. The right to use the Lion Logo as a franchise has only been given to branded, value-added tea

products (tea packs and bags) that are pre-packed in Sri Lanka, contain 100% Ceylon tea, and comply with ISO 3720 standards, exceeding minimum reference standards for each destination. During the period under review, SLTB has taken initiatives to register a new lion logo (Ceylon Tea Symbol of Quality and Lion Device) in Brazil. New Registration is completed in Azerbaijan, India and Bangladesh. Further, Instructions were given for the renewal process of the lion logo device and currently they are ongoing in Liberia and UAE. Registration renewal is completed in Sierra Leone. Further, already taken initiatives to Trademark Watch Notice received from Iraq as have duly filed opposition against the published trademark.

- Registration of Ozone friendly Pure Ceylon Tea Logo

To encourage the production of Ozone Friendly tea, the Sri Lanka Tea Board has registered the Ozone Friendly Pure Ceylon Tea emblem as a Certification Mark in Sri Lanka. Sri Lanka has conducted two programs in accordance with the Montreal Protocol to gradually stop using methyl bromide for non-quarantine and pre-shipment reasons. With the adoption of environmentally friendly technologies and the avoidance of Methyl Bromide in tea plantations (nurseries), the tea sector project was successfully completed in 2002, and Sri Lanka was awarded the Montreal Protocol Implementers Award in 2007. As a result, Sri Lanka was the first nation to produce tea in the world to produce Ozone Friendly tea, and it remains the only one to do so.

During the period under review, Instructions were given to Renewal process of the "OZONE FRIENDLY PURE CEYLON TEA & Device" and currently registration renewal is completed in Iran.

Eleven Tea Exporters have obtained franchise rights to use the Ozone friendly Pure Ceylon Tea logo for thirteen brands up to December of the year 2023.

### 2.3.12.Overseas Tea Promotion Offices & Market Coverage

Two regional foreign tea promotion units were established by the Sri Lanka Tea Board and attached to Sri Lanka's missions in China and Russia. The responsibility of promoting tea in the Russian Federation and CIS markets was assigned to the Moscow office. To expand Ceylon tea's market share in China, a rising market, a representative office was opened in Beijing in 2015. Ceylon tea promotional efforts in the aforementioned locations were directly managed by the two TPUs. Meanwhile, the Tea Promotion Division in Colombo collaborated with corresponding Sri Lanka Missions abroad to address other markets.

### 2.3.13. Implementation of Tea for Oil Barter Arrangement with Iran to Sri Lanka Oil Debts though Exportation of Ceylon Tea

To settle a longstanding payment liability of \$ 250 million owed to Iran for oil purchased in 2012, Sri Lanka and Iran made an agreement to offset payment for crude oil against tea imports from Sri Lanka. Ministry of Plantation Industries of Sri Lanka and Ministry of Industries, Mine and Trade of Iran signed an MOU on 21.12.2021 to formulate a scheme for the settlement of sum of USD 250,925.169 outstanding from the Ceylon Petroleum Corporation (CPC) to National Iranian Oil Company by means of utilizing the said sum to facilitate the export of Ceylon Tea to Iran. Accordingly, the CPC released minimum USD 5million to the SLTB monthly which is the agreeable amount for the barter trade. MOU activated and implemented since in August 2023.

This sum which Ceylon Petroleum Corporation owes to National Iranian Oil Company is covered the Ceylon Tea export proceeds to Iran for at least 48 months. The tea exporters are paid by the SLTB based on the value of tea. The US Dollar to SL Rupees exchange rate (telegraphy rate buying) would be fixed by the Central Bank at the funds transferring date by the CPC.

### 2.3.14.Promotional/Information Publications

Six Bi-monthly newsletters issues were released during the year 2023.

### 2.3.15.Local Tea Promotion

Promotion Division of Sri Lanka Tea Board participated for several local trade shows during the year.

- Tea tasting session/awareness program of Ceylon Tea conducted recently at "Overseas School of Colombo" in collaboration with Sri Lanka Tea Board.



- “Ministry of Tea” at Galle Fort - Ceremonially opened on 14. 01.2023



- Industry 2023” Exhibition from 22<sup>nd</sup> to 25<sup>th</sup> June 2023 at the BMICH

The Ministry of Industries and Industrial Development Board jointly organized the “Industry 2023” the National Industry Exhibition with the theme of “Towards export oriented manufacturing economy” which was the largest national industrial event in Sri Lanka. The exhibition was held from 22<sup>nd</sup> to 25<sup>th</sup> June 2023 at the BMICH.

The Ministry of Plantation Industries invited Sri Lanka Tea Industry to participate at the “Industry 2023” Trade Exhibition along with Tea Export sector, Plantation Sector, Manufacturing sector, Artisanal Tea Manufacturing sector, Small Holder sector etc.

Sri Lanka Tea Board organized 02 pavilions (Each pavilion is with 8 number of booths) to accommodate 16 exhibitors including SLTB. Sri Lanka Tea Board maintained its own booths under the food & beverage pavilion (Hall-J) and the pavilion of Ministry of Plantation Industries for promoting Ceylon Tea and educating the visitors on Sri Lanka tea industry and Ceylon Tea during the exhibition period. Further Sri Lanka Tea Board booth conducted hot tea and Iced tea liquid service during the exhibition period. Further Sri Lanka Tea Board maintained separate booth at Ministry of Plantation industries pavilion and provided information regarding Regulating functions, Controlling functions and Promoting of Ceylon Tea during the exhibition period.



Two Chinese delegations visited IDB Industrial Exhibition happened at BMICH Premises on 23<sup>rd</sup> June. The delegates met the Hon Dr. Ramesh Pathirana, Minister of Industry & Plantation Industries during their visit also.



The Sri Lanka Tea Board with the collaboration of the Sri Lanka Cricket Board hosted a high tea for both National Women’s Teams of Sri Lanka and New Zealand on 2nd July 2023 at the “Ministry of Tea” premises in Galle Fort.



Diversity of the Ceylon Tea, the session conducted at the Mystical Rose International Institute.

- Educational exhibition on Good Agricultural Practices & Good Manufacturing Practices conducted in Walahandu, Galle by the Regional Office.
- Educational exhibition on the Good Agricultural Practices & Good Manufacturing Practices conducted in Kundasale, Kandy by the Regional Office.
- Ceylon Tea sponsorship - Sri Dalada Perahara
- Sri Lanka Tea Board has extended its strategic collaboration with the National Chamber of Exporters of Sri Lanka in order to boost their tea exporter community’s visibility and promotional activities.
- Ceylon Tea awareness program at the Uva Regional Agricultural Exhibition in Bandarawela - Organized by the Region Tea Commissioner Office.
- Title partnership University of Colombo
- Ceylon Tea presence at Mahapola Exhibition
- Ceylon Tea presence at Dompe Pradeshiya Saba Exhibition
- Ceylon Tea presence at the “Industry 2023 - Galle Edition” in Samanala Ground, Galle from 28<sup>th</sup> to 30<sup>th</sup> December.



### 2.3.16. Country Promotion Campaigns (Joint Promotions with other National Bodies- SLTPB, EDB, Sri Lankan Air Lines)

- Ceylon Tea promotions at BIA on Valentine's Day 2023
- Ceylon Tea welcomes Air China Air China reinstated services between Colombo Bandaranaike International Airport and Chengdu Tianfu International Airport with 3 flights per week from 03<sup>rd</sup> July 2023.
- Ceylon Tea gifted to passengers Super luxury cruise ship 'Seabourn Encore' arrived at Colombo Port on 27<sup>th</sup> March 2023 carrying 500+ passengers and 350+ crew members. Their brief visit to Colombo welcomed with a dockside performance by traditional dancing performance, gifted Ceylon Tea and then a bus tour of the city of Colombo.



- Gifting Ceylon Tea to Princess Cruises- The on board information counter operated by the Sri Lanka Tourism Promotion Bureau staff at the Princess Cruises arrived at Colombo Port with 1900 passengers.



- Luxury Cruise ship 'MS Amera' arrived to Colombo Port on January 2023 and Ceylon Tea gifts were distributed



- Ceylon Tea Promotions at Mattala Airport



- Participation at BIA Awurudu festival-Bandaranayake International Airport arranged a small event for arriving tourists to experience the Ceylon Tea serving session with traditional Avurudu sweets related to the Sinhala and Tamil New Year.



- Ceylon tea is gifting to onboard passengers at the 'Coral Princess', a large premium category passenger cruise vessel by Sri Lanka Tourism Promotion Bureau.



- BIA Welcomed the Aeroflot flight passengers arrived at the BIA with Ceylon Tea gift packs on the occasion of celebrating 100,000 Russian tourist arrivals to Sri Lanka through the direct flights ( Aeroflot, Azur Air and Red wings ) from Moscow since October 2022
- Air Arabia passengers were welcomed at the BIA with a Ceylon Tea gift pack
- The World Tourism Day celebration program in Arugambay - Gifting Ceylon Tea to tourists in Arugambay
- Celebrating World Tourism Day in Sri Lanka. Heartwarming experience was created by serving a cup of Ceylon Tea and gifts for the tourists arrived to Bandaranaike International Airport (BIA).
- Welcomed by the Ceylon Tea - Starting direct flights between Estonia and Sri Lanka for the first time, flight U5-9394 belonging to SkyUp Airlines arrived at Mattala Rajapaksa International Airport.

### 2.3.17. Tea Museum

Tea Museum is founded as one of the best tourist attraction places by the Tourism Promotion Bureau.

- H. E. Ambassador, Turkey Mrs. Demet Sekercioglu visited Ceylon Tea Museum in March 2023.



- Visit of the Delegates from China Cultural Center totightening the cooperation between Ceylon Tea Museum and China Cultural Centre to promote and zcelebrate the tea culture and tea related events between two countries.
- Visit of MD USAID and the team to Ceylon Tea Museum
- Ceylon Tea Museum Celebrates on International Tea Day 21<sup>st</sup> May 2023



- The day to promote and foster collective actions to implement activities in favor of the sustainable production and consumption of tea and raise awareness to enrich the lives of the estate communities. Ceylon Tea Museum

celebrates this special day with real hero of the industry and carrying out an awareness program amongst their visitors.

### 2.3.18. Plantation Worker Community Development and Natural Disaster Relief Aid

- The Government of Sri Lanka donated Ceylon Tea to Myanmar under the humanitarian assistance to the victims of Cyclone in Myanmar.
- The Government of Sri Lanka with the support of the Ceylon Tea Exporters donated a consignment of “Ceylon Tea” on 10 February 2023, to the Ambassador of Türkiye in Colombo to be delivered to the victims of the devastating earthquakes in Türkiye.



### 2.3.19. SLTB Tea Sales Outlet

The SLTB Tea Sales Outlet, which operates in the SLTB head Office building is provided a greater selection of tea packs to meet the various tea-tasting needs of both domestic and foreign clients. The consumer able to choose from more than 1250 different varieties of tea packs, representing 24 private sector Ceylon Tea exporting companies in addition to the SLTB own n label brand.

The outstanding turnover figure of Rs.143.6Mn, which included the private sector Tea Brands and SLTB product range, was achieved in 2023. Sales counter is promoted “lion logo” branded tea and information are disseminated about Ceylon Tea to the all visitors.

### 2.3.20. Distribution of Teas for promotional purposes to Overseas Missions.

SLTB issued tea on a complimentary basis for promotional purposes of “Ceylon Tea”.

- I. Complimentary teas to Sri Lankan Missions overseas. 40 requests were made to Finance Division for issuing of complimentary Teas to overseas missions.
- II. Liquid tea service and distribution at International Trade Fairs.
- III. Promotional give-away to VIPs/Officials.

## 2.4. Tea Tasting Unit

The unit works as one of the major quality assurance body of Ceylon Tea. It is responsible for assessing the quality of tea prior to auction and export. Tea tasters use qualitative analysis to assess factors like flavor, aroma, appearance and mouth feel to evaluate the quality of different tea varieties. It is a skillful process that relies on sensory perception and experience. Tea tasters are doing an organoleptic analysis involving the sense of taste, sight, touch, smell, sometimes hearing to evaluate the quality of tea. Tea tasters are known for their expertise in discerning the subtle flavors and qualities of different teas, allowing them to make efficient and professional decisions about the teas. Unsatisfactory samples are directed for the Analytical Laboratory for further analysis.

The tasting team of Sri Lanka Tea Board consists with expert panel of tea tasters from public and private Sector experts who represent all stakeholders such as Ceylon Tea Traders Association (CTTA), Ceylon Brokers Association (CBA), Ceylon Plantation Association (CPA), Sri Lanka Federation of Tea Small Holdings Development Societies (SLFTSHDS), Tea Exporters Association (TEA), Sri Lanka Tea Factory Owners Association (SLTFOA), and with the independent Panel members.

The Major activities of the unit can be listed as follows:

- Maintaining the minimum quality standard and ISO standards at any given point of disposal of tea.
- Monitoring and ratification of Private Sales, Direct Sales and forward contracts
- Facilitates to issuing Lion Logo certificates for branded products and for the consumer packs
- Evaluating Tea Tasters for new export Companies
- Evaluating Imported tea samples

### 2.4.1. Tea Tasting Concept and Methodology

- SLTB adopts the methodology of ISO 3103 of tea preparation of liquor using sensory tests.
- Tea Tasting Terminology ISO 6078 for Black tea vocabulary/ Monograph on Tea Production in Ceylon - no: 4 - Tea Manufacture in Ceylon.

Ordinary tea tasting sessions are held twice a week mainly on Mondays and Thursdays with the participation of expert tea panel. During the sessions

following tea samples which are directed from tea export unit of SLTB and tea samples directly

received to the TTU are considered for evaluations.

- Pre-auction Teas
- Special investigation Teas
- Pre imported samples
- Direct Sales
- Daily Evaluation Pre-shipment monitoring, the panel decision on samples forwards to the Tea Commission -er division and Tea Export unit to further regulations.
- Private sales samples
- Forward contract samples

2.4.1: Details of tested and suspicious samples in 2023.

Description	No of Samples Tested	No of Samples Suspected
Visual Examinations	236822	
Pre-Auction samples		
Random Basis(BSL) Evaluation	3783	392
Panel rejections for suspected liquor contamination		223
Siliceous matter		828
Crude fiber		1391

Source: Sri Lanka Tea Board

a) Pre - Auction teas

Two weeks prior to the sale, the eight brokers forwarded their pre-auction samples for the evaluation. Unit first visually evaluate the sample of Ex-Estate, High & Medium, Premium flowery, Low Grown Leafy, Low Grown Semi-Leafy, Low Grown-Tippy/Small and sub Catalogues of Off Grades, Dust, and BOP1A. Based on the random selection programme, broker samples are selected and directed for organoleptic evaluation. After the evaluation selected samples are offered to the panel to take a collective decision to offer or not at the coming auction and the decision conveyed to the DTC Exports.

b) Pre-Shipment Teas

Usage of Lion Logo, ISO 3720 for black tea & ISO 11287 for Green tea parameters or any other contamination prior to shipment are been tested under pre shipment sample testing. 10482 pre-shipment samples examined under pre-shipment monitoring scheme during year 2023.

### c) Pre-Import Teas and Post-Import Teas

Pre-Imported samples directed through Export unit of SLTB are accompanied with a form to evaluate its suitability for importation and line samples details about the origin, grade etc. are mentioned in each application. The tasting panel will evaluate the teas according to the guide lines of the SLTB circular no: OR/1/65 and its amendments. For the year 2023, TTU examined 1,509 applications as pre import samples and post -Import samples.

## 2.4.2. Ratification of Private Sale and Panel Valuation Certificate

### a) Ratification of private sale

The samples accompanied with the panel have been forwarded for Tea tasting evaluations by the selling brokers with the independent broker's approval. There are standard charges for the service and it charged Rs. 500 (+VAT ) per line as ratification fees. At present, the above scheme is scaled down to only for Green teas, Organic teas, and specialty teas and for small breaks which are not sold through the Colombo Auctions. Total no. of 12245 Private sale lots examined and ratified for the year 2023.

### b) Ratification of Forward Contracts

Ratification was done for few selected marks depending on the buyer's requirement for a period of time. Seller, buyer, broker and the Tea Board ratified the contract of sale. Ratification fees of Rs. 500/-+ VAT ) per line as charges for the above service too. Total 2298 forward contracts lines were ratified during the year.

### c) Ratification of Direct Sale

The above scheme permits to producer cum Exporter to sell their products directly to the overseas buyers. In exception Green tea, Organic tea and Specialty Tea could be sold to the local buyers. Panels held at Monday ratified the direct sales and for considered year, sales lines 640 are ratified and the ratified quantity was 0.768 Mn.kg.

## 2.4.3. Registration for Lion Logo

The Lion Logo - which is a symbol of quality and country of origin fully owned by the Sri Lanka Tea Board and Exporters who wish to depict the Lion Logo on branded consumer packs, has to forward the application and the branded products for evaluation, as according to the

destination and market. The validation period of a Lion Logo certificate for Brands is three years. SLTB Grants franchise rights to use the Lion Logo on retail packets. According to the process 504 applications were processed for new brands, renewals and additional packs for the year 2023.

The monitoring processes for lion logo usage in overseas markets and local markets are being conducted to maintain the quality, the prestigious name of the logo and mainly for the hunting of fraudulent usage of Lion Logo. During the pre-shipment monitoring, more than 80% shipments with Lion Logo are evaluated on random sample basis. In addition to that Overseas Bureaus and Commercial Consular of Sri Lankan embassies are forwarded Lion Logo depicted packs from overseas markets for the evaluation and reporting. Particularly randomly selected samples from the brands using the Lion Logo in local markets are also evaluated. Mainly reputed the long standing packers registration with the Tea Board who are having a reasonable market share are granted to use the Lion Logo and monitored accordingly.

## 2.5. Analytical Laboratory

The year 2023 proved to be another successful period for the Analytical Laboratory of the Sri Lanka Tea Board. The Chemical, Microbiology, and Pesticide laboratories operated at their peak efficiency to uphold the quality standards of processed tea.

An outstanding milestone was reached with the attainment of accreditation for ISO 17025:2017 standards for test methods concerning Pesticide Residues, Microbiology, and Chemical analyses. This accreditation was obtained following audits conducted in June 2023 by the Sri Lanka Accreditation Board (SLAB), marked a significant achievement for the laboratory.

In the process of Lion Logo certification, the Laboratory of Sri Lanka Tea Board involved by analyzing the Lion Logo qualification criteria & contributed to the establishment of procedures for the use of Lion Logo mark in collaboration with the Promotion Division in 2022 & 2023. Focusing on Japan export shipments, the laboratory was able to introduce analysis techniques for MCPA, Diuron, 2-4D & Hexaconazole. Pesticides relevant to imported teas such as Acephate, Dimethoate, Methidathion, Triazophos, Fipronil, Quinalphos, Propiconazole & Profenofos have been introduced to the tea industry with the continuous testing

Table 2.5.1: Summary of tests performed by the Analytical Laboratory

Name of the Test	No. of Tests	
	2022	2023
<b>Chemical Analysis Unit</b>		
Determination of Moisture in tea	649	327
Determination of Total Ash in tea	684	175
Determination of Water Soluble Ash in tea	673	174
Determination of Acid In-Soluble Ash in tea	590	174
Determination of Water Extract in tea	103	176
Determination of Alkalinity of Water Soluble Ash in tea	643	176
Determination of Crude Fibre in tea	339	190
Basic Radiation Determination tests	259	242
Grade identification tests/ Sieve Analysis	323	41
Lion Logo testing	-	607
<b>Microbiological Analysis Unit</b>		
Determination of Total Plate Count	750	198
Determination of Yeast and Mould Count	757	204
Microscopical examination for dead or live insects and other Impurities/foreign matter in tea	487	37
Determination of Genetically Modified Organisms (GMO) in tea	142	113
Detection and Enumeration of Faecal Coliform & Escherichia coli (E.coli)	592	198
Detection and Enumeration of Total Coliform	598	198
Lion Logo testing	-	481
<b>Pesticide Residue Analysis Unit</b>		
Sugar Analysis using HPLC RI Detector	5205	5430
Diuron Residue Analysis using LCMS/MS	157	354
MCPA Residue Analysis using LCMS/MS	175	354
2,4 D Residue Analysis using LCMS/MS	140	354
Hexaconazole Residue Analysis using LCMS/MS	269	354
Multi Residual Analysis (Acephate, Imidacloprid, Dimethoate, Methidathion, Triazophos, Fipronil, Quinalphos, Propiconazole & Profenofos) using LCMS/MS	1386	3906
<b>Total</b>	<b>14921</b>	<b>14463</b>

Source : Sri Lanka Tea Board

### 2.5.1. Involvement in facilitation to the tea industry

During the year, 14,463 tests are requested from the Analytical Laboratory for testing and out of them, it has been identified 1078 tests results as below the minimum quality standards.

Table 2.5.2: Number of tests detected as below ISO Standard

Analysis Unit	No. of tests below the minimum quality standard
Microbiology	650
Chemical	390
Pesticide residual	38

Source: Sri Lanka Tea Board

### 2.5.2. Performance of the Pesticide Residues Analysis Unit

During the year 2023, Sugar(5430), MCPA(354), Diuron(354), 2-4D(354), Hexaconazole(354) and Import (3906) requests have been analyzed and out of the total performed sugar tests 38 numbers of tests results were identified as below the minimum quality limits. As per last June 2023 SLAB Accreditation audit, It was an significant achievement to the Pesticide

Residue Analysis Unit in receiving the approval for ISO 17025:2017 Accreditation to issue an internationally accepted test report and facilitate the Tea Industry. Furthermore receiving of accreditation, enhanced the number of test performed during the year.

Table 2.5.3: Number of tests detected as below the minimum quality standards

Type of tests	Below the minimum quality
Fructose	3
Glucose	7
Sucrose	28

Source: Sri Lanka Tea Board

### 2.5.3. Performance of the Microbiology Analysis Unit

1429 microbiological tests were carried out during the year. Among them, 650 microbial tests results were identified below the accepted quality standards or not suitable for consumption. These samples received through the internal Monitoring service and Lion Logo Certification.

Table 2.5.4: Performance of the Microbiology Analysis Unit

Type of microbiology tests	Below the minimum quality Standard/Guideline
Total Plate count	191
Yeast and Mould count	266
Coliform	191
Ecoli	2

Source : Sri Lanka Tea Board

### 2.5.4. Performance of the Chemical Analysis Unit

Chemical Analysis unit had been handled 2282 number of tests and reported 390 below standard which was received through the Internal Monitoring Service.

Table 2.5.5: Performance of the Chemical Analysis Unit

Type of chemical tests	Below the minimum quality Standard/Guideline
Crude Fibre content	72
Alkalinity content	13
Moisture content	297
Acid insoluble Ash content	1
Total Ash content	4
Water Soluble Ash content	3

Source: Sri Lanka Tea Board

### 2.5.5. Performance of the Quality Inspection Unit

The unit manages the receiving, registering, assigning of laboratory sample to the relevant analysis unit for testing and issuing of test reports for both Internal Monitoring and External Certification services by maintaining the document control procedures as per the ISO/IEC 17025 Laboratory Standard. The unit has been supported on 13 sampling requests sent by Tea Commissioner or Deputy Tea Commissioner for re-sampling purpose during the year 2023.

## 2.6.Administration Division

The Administration division is responsible for formulation, implementation, monitoring, and evaluation of all human resources management and human resources development initiatives. It also manages legal affairs, the operation and upkeep of the Library, procurement activities, as well as security and transport operations for the Board.

Table 2.6.1:Staff Strength of SLTB as at 31<sup>st</sup> December 2023

Category	No of Staff		Total
	Male	Female	
Senior Level	02	02	04 (1.6%)
Tertiary Level	33	20	53(21.2%)
Secondary Level	49	90	139(55.6%)
Primary Level	51	3	54(21.6 %)
<b>Total</b>	<b>135(54%)</b>	<b>115 (46%)</b>	<b>250(100%)</b>

Source:Sri Lanka Tea Board

Table 2.6.2: Human Resource Turnover for the year 2023

Detail/s	No of Staff
Resignations	07
Retirements	10
Terminations	00
Vacation of Post	01
<b>Total</b>	<b>18</b>

Source:Sri Lanka Tea Board

Table2.6.3: Human Resource Development Local Training (Individual)

Category	No of Employees Trained
Senior Level	02
Tertiary Level	04
Secondary Level	20
Primary Level	00
<b>Total</b>	<b>26</b>

Source:Sri Lanka Tea Board

### 2.6.1.In-House Training Programmes

03 In-house programmes were conducted for Executive Staff, Field staff and Management Assistant staff of Sri Lanka Tea Board during the year 2023. The objective was to empower the, executive Staff, field staff and management assistant staff technically and provide an effective service/ positive impact to the Tea Industry in challenging environment/prevaling country situation.

### 2.6.2.Local Development Opportunities - Academic (Individual)

As per the training policy of Sri Lanka Tea Board, reimbursed Rs 150,000/= to 01 officer who has completed degree in the relevant subject area.

Table2.6.4: Foreign Training (Individual)

Category	No of Employees Trained
Senior Level	00
Tertiary Level	01
Secondary Level	04
Primary Level	00
<b>Total</b>	<b>05</b>

Source:Sri Lanka Tea Board

two day training Program for Executives & above staff - carolina Beach Hotel,Negambo





Two day training Program for Management Assistant program - carolina Beach Hotel, Negambo



## 2.7. Internal Audit Unit

Purpose of the Internal Audit Division is to enable the internal audit functions effectively to allocate its Financial, Administrative and Human Resources to meet the expectations of the key stakeholders such as Government of Sri Lanka Tea Factory Owners, Tea Estate Owners, tea sector workers and public of Sri Lanka. The Audit Division has made significant strides in improving efficiency, accuracy, and compliance through the year 2023. Despite challenges, the division remains committed to enhancing its capabilities through technological integration, talent development, and proactive risk management. Moving forward, a concerted effort will be made to build upon these achievements and further strengthen the division's contribution to achieve organizational objectives and success. Audit Committee met three times during the year under review and respective Heads of Divisions / Officers attended the meetings of the Committee by invitation on need basis. Recommendations were made to the Board of Directors along with the Minutes & followed-up to ensure that appropriate corrective action is taken.

IT division plays a vital role by maintaining the SLTB Web site and other social media platforms (facebook, twitter, instergram and tiktok) by revealing the updated information, progress of the work done and trends in the tea industry to the industry stakeholders and valued customers.

## 2.8. Information Technology Unit

IT Unit of SLTB supported all the IT related issues in the head office and regional offices of the board while improving IT platforms in more sophisticated manner for users and new software developments with several initiatives focusing on regulatory and development discipline. During the year, IT division mainly contributed the technical support to purchase most efficient and cost effective machineries to the institution in the procurement process of personal Computers, Laptops and Printers which required by each division.

The requirement of module development in the existing tea system was recognized by this unit for export unit and laboratory.

- CUSDEC/Blend Sheet Reconciliation Module developed and introduced for export unit to solve the issues between actual exports and imports in submitted documents and the developed module handle the reconciliation by balancing all tea quantities.
- Introduced a new software module to the IT system of Analytical Laboratory with the objective of streamline the testing of sugar samples which previously conducted manually

In parallel to other activities IT unit jointly work with the Epic Lanka (pvt) Ltd who contracted with SLTB to develop Tea Value Chain Management System. As the progressing forward, it was finalized the second iteration of the Tea Value Chain Management System and initiated the third iteration of the project.

### 3. Industry Profile

The Sri Lankan economy experienced a severe economic crisis starting in late 2019, and it persisted as an ongoing crisis. Market demand and supply, exchange rates, foreign exchange earnings, inflation, GDP growth rates, and internal political situations all behaved unfavorably. This situation had a negative impact on almost all sectors in Sri Lanka, including the tea industry.

The impact of fertilizer ban, severely affected tea production. Moreover, as intensional factors, the Russia -Ukrain conflict, Iran sanctions, global inflation, shipping and logistics problems, fluctuations in exchange rates, and tea prices in the world market all had a negative impact on the tea industry. However, It is expected to recover the Sri Lanka tea production in coming years with continuous supply of fertilizer and favorable weather condition availability throughout the year.

The annual tea production recorded during 2023 was 256 million kg, compared to the 252 million kg of the previous year, reflecting an increase of (2%) 4 million kg. In 2023, total exports registered was 242 Mn kgs when it compared with 250 Mn kgs in 2022 reflecting a decrease. Moreover, the export receipts of tea for the period January to December 2023 amount to 428 billion compared to Rs 411 billion for the corresponding period of 2022 reflecting a decrease. The export earnings in US Dollars increased by 51 million from USD 1.2 billion (USD 1,259 Million) recorded in 2022 to USD 1.3 billion (USD 1,310 million) in 2023.

However it shows an increase of 4% in export revenues in both rupees and dollar terms. It is important to mention that the average FOB price of 1,234 Rs/kg which was achieved in 2022 has further increased to Rs 1,171 in 2023. Furthermore it recorded US\$ 5.4 per kilo in the review year.

Orthodox tea Production was the major component of the Ceylon tea which has been recorded 231Mn kg during the year 2023 and it was recorded as 227 Mn kg during the corresponding period of 2022. However it has recorded 2% increase when compared to 2022. Also Cumulative CTC Production for the year 2023 showed an increase of 0.1% while it was recorded 23 Mn kgs in the review year. The green tea production represented 26 % increase producing 2.3 Mn kg in 2023 and 1.8 Mn kg in 2022. The cumulative Colombo tea auction average prices has been recorded US\$ 3.57 per Kilo as against US\$ 3.82 per kilo during the previous year. Consequently, the Colombo tea auction price showed a decrease from Rs. 1,234 in 2022 to 1,171 in 2023. Market diversification on account of initiatives by the stakeholders in both the public and private sector; contributed to opening up more export markets. Amongst the markets on the review period, Iraq was the leading export destination for Ceylon tea having imported 33 million kgs, accounting for 14% of the total export volume.

Other key export destinations for Ceylon tea were Turkey (30.4 Mn kg), Russia (22.6million kgs), UAE (18.4 million kgs), China (12.30 million kgs), Libya (11.1 million kgs), Azerbaijan (9.1 million kgs), Chile (7.8 million kgs), Syria (7.0 million kgs) and Saudi Arabia (7 million kgs).

#### 3.1. Distribution of Tea Lands

The Total Extent of cultivation in Sri Lanka is 267 thousand hectares (provisional) at present. The breakdown of tea lands along with their management criteria Private (60%), and State sector (40%). Tea cultivation is distributed within few districts in the country mainly in wet zone areas due to the suitable climate conditions for tea cultivation.

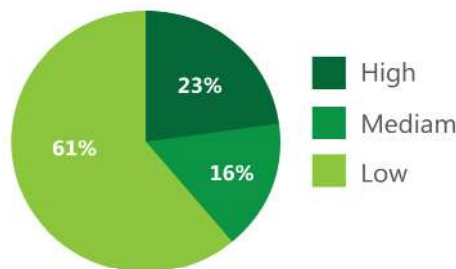
#### 3.2. Tea Production

Table 3.1 : Total Tea Production by Elevation

Elevation	Qty kg
High	58,639,860
Medium	42,337,896
Low	155,110,890
<b>Total</b>	<b>256,088,647</b>

Source: Sri Lanka Tea Board

Chart 3.1: Total Tea Production by Elevation



Source: Sri Lanka Tea Board

Sri Lankan teas are being categorized into three categories based on the elevations where it grow and produced. Low country teas are produced up to 600m above mean sea level has a blackish appearance, strong cup color and taste which contributes more than two third (61% in 2023) of the national production. Teas produced over 1200m elevations are identified as high grown teas, considered as superior in quality gives unique taste with aroma. During the year 2023, high and medium elevation contribution for the national production was 23% and 16% respectively.

### 3.2.1. Monthly Tea Production

Throughout the year low grown production provided the major contribution to the national tea production. During 2023, the highest monthly tea production of 27 Mn kg was recorded in the May and the lowest of 18 Mn kg was recorded in August.

Chart3.2: Monthly Tea Production by elevation



### 3.2.3. District wise Tea Production

During the year under review, the highest production of high grown was recorded for Nuwara Eliya followed by Badulla and Kandy. For the low grown area, Rathnapura district recorded the highest production followed by Galle. Both districts were contributed to the national tea production by 20% & 15% respectively. Considering all three elevations, the highest production was recorded from Nuwaraeliya district while the lowest from Monaragala districts.

Table 3.2: District wise Tea Production (in kgs)

Admin District	High	Medium	Low	Total
Badulla	14,315,083	10,723,264	-	25,038,346
Colombo	-	-	1,233,378	1,233,378
Galle	4,534	-	38,067,233	38,071,767
Hambantota	-	-	82,564	82,564
Kalutara	-	-	15,870,895	15,870,895
Kandy	564,607	17,181,391	9,446,287	27,192,284
Kegalle	-	245,643	7,960,580	8,206,223
Matale	-	1,502,990	364,724	1,867,714
Matara	-	61,170	29,323,341	29,384,511
Monaragala	-	155	-	155
Nuwara Eliya	43,755,636	10,896,549	793,643	55,445,828
Ratnapura	-	1,726,735	51,968,246	53,694,981
<b>Total</b>	<b>58,639,860</b>	<b>42,337,897</b>	<b>155,110,891</b>	<b>256,088,646</b>

Source: Sri Lanka Tea Board

**3.2.2. Agro Climatic District wise Analysis**

Table 3.3 : Agro - Climatic District -wise Tea Production

Agro Climatic District	2023 (kg.)	2022 (kg.)	Change (kg.)	%
<b>NuwaraEliya</b>	<b>3,269,242</b>	<b>3,100,723</b>	<b>168,519</b>	<b>5.4</b>
<b>Western</b>				
Ramboda	1,930,540	1,769,419	161,121	9.1
Pundaluoya	4,288,813	3,677,365	611,448	16.6
Agarapathana	4,777,802	4,204,143	573,660	13.6
Nanuoya/Lindula/Talawak	7,834,229	7,405,439	428,790	5.8
Patana/Kotagala	3,240,289	2,848,637	391,652	13.7
Hatton/Dickoya	6,633,112	6,317,777	315,336	5.0
Bogawantalawa	5,140,111	4,627,350	512,761	11.1
Upcot/Maskeliya	5,095,745	4,268,486	827,259	19.4
<b>Total –Western</b>	<b>38,940,641</b>	<b>35,118,616</b>	<b>3,822,027</b>	<b>10.9</b>
<b>Medium</b>				
Watawala/Ginigat/Notron	1,186,120	1,196,123	(10,003)	(0.8)
Pussellawa/Hewaheta	4,818,780	4,877,643	(58,863)	(1.2)
Kotmale	692,560	752,867	(60,307)	(8.0)
Gampola/Nawalapitiya/Do	17,147,414	17,743,903	(596,489)	(3.4)
Nilambe/Hantane/Galaha	1,564,196	1,267,816	296,380	23.4
Kadugannawa	4,513,099	4,551,687	(38,589)	(0.8)
Madulkelle/Knuckles/Ran	2,895,633	2,645,825	249,808	9.4
Hunasgiriya/Matale/Yakde	1,061,677	1,262,310	(200,633)	(15.9)
Balangoda/Rakwana	6,611,832	7,092,525	(480,693)	(6.8)
<b>Total –Medium</b>	<b>40,491,311</b>	<b>41,390,699</b>	<b>(899,389)</b>	<b>(2.2)</b>
<b>UdaPussellawa</b>				
Udapussellawa/Halgranoy	3,715,557	3,614,356	101,201	2.8
Maturata	1,837,490	1,729,244	108,246	6.3
<b>Total-UdaPussellawa</b>	<b>5,553,047</b>	<b>5,343,600</b>	<b>209,447</b>	<b>3.9</b>
<b>UVAS</b>				
Koslanda/Haldumulla	698,485	600,444	98,041	16.3
Haputale	3,628,187	3,681,191	(53,004)	(1.4)
Bandarawela/Poonagalla	2,650,201	2,750,843	(100,643)	(3.7)
Malwatte/Welimada	2,443,630	2,510,844	(67,215)	(2.7)
Demodara/Haliella/Badull	8,555,920	8,960,319	(404,399)	(4.5)
Ella / Namunukula	1,229,201	1,148,791	80,410	7.0
Passara/Lunugalla	3,287,497	2,877,873	409,624	14.2
Madulsima	2,376,987	2,621,201	(244,214)	(9.3)
<b>Total-Uvas</b>	<b>24,870,108</b>	<b>25,151,506</b>	<b>(281,400)</b>	<b>(1.1)</b>
<b>Low Grown</b>				
Deniyaya	11,167,936	11,632,515	(464,579)	(4.0)
Galle	38,723,674	36,177,523	2,546,151	7.0
Kalutara	16,566,484	16,005,832	560,652	3.5
Kegalle	5,494,282	5,401,157	93,125	1.7
KelaniVelli	6,881,943	7,453,456	(571,513)	(7.7)
Kandy/Matale/Kurunegala	2,608,096	2,939,898	(331,802)	(11.3)
Matara	12,037,196	12,787,487	(750,292)	(5.9)
Morawake	5,763,878	5,191,127	572,752	11.0
Ratnapura	40,078,843	40,033,489	45,354	0.1
Balangoda	3,641,972	4,111,372	(469,400)	(11.4)
<b>Total Low Grown</b>	<b>142,964,304</b>	<b>141,733,856</b>	<b>1,230,448</b>	<b>0.9</b>
<b>Total</b>	<b>256,088,653</b>	<b>251,839,000</b>	<b>4,249,652</b>	<b>1.7</b>

Source:Sri Lanka Tea Board

Agro climatic district wise highest production was recorded from Rathnapura which was 40 Mn Kg and the 2nd highest production was recorded from Galle. Low grown has produced 142.9Mn kg during the year under review and it was 1.2 Mn kg (1%) above to the production during the year 2022.

### 3.2.4. Production Analysis by Processing Method

#### i). Black Tea and Green Tea Production

During the year 2023 Orthodox Tea production recorded an increase of 2% while CTC recorded 0.12%. During the year under review, overall Black tea production has increased by 3,776 kg (1.5%). Meanwhile Green tea production showed 26% increase when compared to previous year.

Table3.4: Tea production by processing method(kg)

	Orthodox	CTC	Green
2022	227,439,132	22,589,894	1,809,969
2023	231,187,701	22,617,364	2,283,582

Source:Sri Lanka Tea Board

#### ii) Instant Tea and Bio Tea Production

When compared to the year 2022, Instant tea recorded a decrease of 1,268,554 kg in 2023, while the BIO tea showed an increase of 94000kg. During the year reviewed bio tea production was 1.07Mn kg while it was recorded as 0.97Mn kg in the year 2022. The instant tea production recorded during the reviewed year was 3,205,230kg.

### 3.2.5.Production Analysis by Green Leaf Collection Method

Tea factories fulfill their green leaf requirement from own sources as well as the bought crop. Green leaf quantities were derived multiplying the made tea quantities by 4.65 as the standard ratio used in the industry.

Table 3.5: District wise Green Leaf Production (kgs)

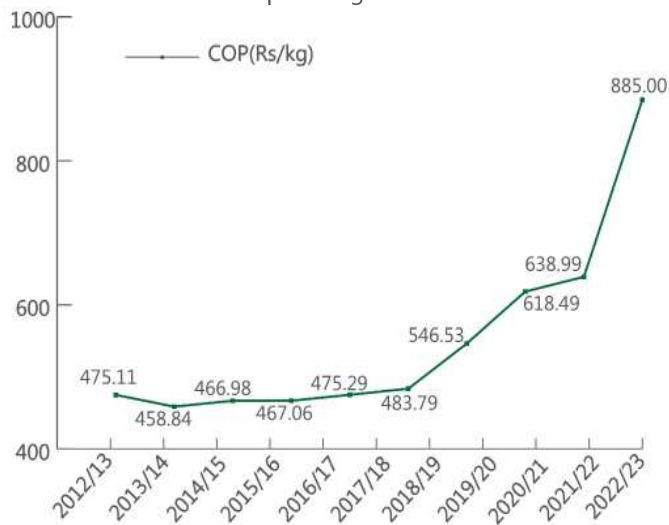
District	High	Medium	Low	Total
Badulla	66,565,134	49,863,176	-	116,428,310
Colombo	-	-	5,735,208	5,735,208
Galle	21,081	-	177,012,634	177,033,715
Hambantota	-	-	383,923	383,923
Kalutara	-	-	73,799,662	73,799,662
Kandy	2,625,423	79,893,467	43,925,232	126,444,122
Kegalle	-	1,142,240	37,016,698	38,158,938
Matale	-	6,988,903	1,695,967	8,684,869
Matara	-	284,441	136,353,534	136,637,975
Monaragala	-	721	-	721
Nuwara Eliya	203,463,708	50,668,953	3,690,438	257,823,099
Ratnapura	-	8,029,316	241,652,345	249,681,661
<b>Total</b>	<b>272,675,346</b>	<b>196,871,217</b>	<b>721,265,641</b>	<b>1,190,812,203</b>

Source: Sri Lanka Tea Board

### 3.2.6. Cost of Production of Made Tea

Productivity and Cost of Production (COP) are interrelated and increasing of the cost of production continues to be a worrying phenomenon in the plantations sector. Labor productivity in tea has a greater relationship with COP as tea production system needs larger quantity of labor. Sri Lanka has highest COP among major tea producing countries. This has affected the country’s competitiveness in the global arena. The cost of production per kilogram of made tea has rapidly increased during the last decade. Increase in labor cost and higher prices of inputs had specially affected the production cost. The annual cost of tea production, compiled by the Department of Census and Statistics for 2022/2023 (Provisional), was Rs.885 per kg which is an increase of 38% against 2021/2022.

Chart 3.3: Total cost per kilogram of made tea



Source: Dept. Of Censes & Statistics

### 3.3. Tea Sales

When compared the net sales averages recorded in the tea auctions, annual to-date average in 2023 was Rs 1,171.29 per kg (minimum Rs.974 per kg, maximum Rs.1,467.00 per kg) which is a decrease of Rs.62.95 kg when compared to the previous year annual average of Rs.1,234.24 per kg. The highest sale average was recorded from the low grown of Rs. 1,544 per kg. Annual sales quantity of 250 Mnkg of tea was sold in 2023 against 249 Mnkg in 2022 which was recorded 1 Mnkg increase (0.4%) for the year under review, including Public, Private and Direct sales. During the month of January 2023, the highest selling average price recorded as Rs.1,467 kg while the highest sales volume recorded as 36 Mnkg in 2023 During the reviewed year every months recorded the average selling price above Rs.1000 except the month of June.

#### 3.3.1. Mode of Sales

Public auction is the main mode of the sales of the tea manufactured in factories. A quantity of 241.4 Mnkg was sold under the Colombo Tea Auction in 2023. Private sales accounted for 7.4 Mnkg and the rest about 0.8 Mnkg sold through direct sales. The Colombo Tea Auction conducted by Ceylon Chamber of Commerce under Colombo Tea Traders Association and during the 2023 they handled 50 auctions. The public auction recorded an increase of 0.40 Mnkg (0.2%) while average price reported was Rs.1,170.57 per kg at the Colombo Tea Auction during 2023. It was a 6% price decrease compared to the last year.

#### 3.3.2. Elevation-wise Sales

Among all three elevations, high grown tea recorded 5% increase of sales volume in 2023 compared to 2022 and both medium & low grown recorded marginal decrease of 0.5% & 1% respectively. All sales volume represented a marginal increase of 0.4% and composite national average decreased by 5 % when compared with last year. While it was recoded declining during the year 2023 accordingly all three elevations showed negative price change within the each elevation.

Table3.6: Elevation wise Sales Quantity of unit price (Rs/kg)

Elevation	2023	2022	Change	%	2023	2022	Change	%
	Sales Volume in kgs				Gross Unit Price (Rs./kg.)			
High Grown	56.47	53.72	2.75	5.10	1,072	1,093	(21.00)	(1.90)
Medium Grown	41.87	42.08	(0.21)	(0.50)	1,012	1,031	(18.00)	(1.80)
Low Grown	151.31	152.84	(1.53)	(1.00)	1,252	1,340	(88.00)	(6.50)
<b>All Sales</b>	<b>249.65</b>	<b>248.64</b>	<b>1.01</b>	<b>0.40</b>	<b>1,171</b>	<b>1,234</b>	<b>(63.00)</b>	<b>(5.10)</b>

Source: Sale report-All sale Elevation wise-SLTB

### 3.4. Tea Exports

Tea exports (including re-exports) amounted to 242 Mnkg for the review year, marking a decrease of 8 Mnkg compared to the 250 Mnkg recorded in 2022. The export earnings of Rs. 428 billion showed an increase of Rs. 17 billion compared to the Rs. 411 billion recorded at the end of 2022. The average annual unit FOB price was Rs.1, 770 per kilogram in 2023 and comparatively it was recorded as Rs1, 643 per kilograms in previous year reflecting an increase of Rs 127. In world tea market, Sri Lanka became as third tea export country in volume and enduring as second earner in value term which could remarked the blooming tea potential as premium quality tea from Ceylon in the global tea market.

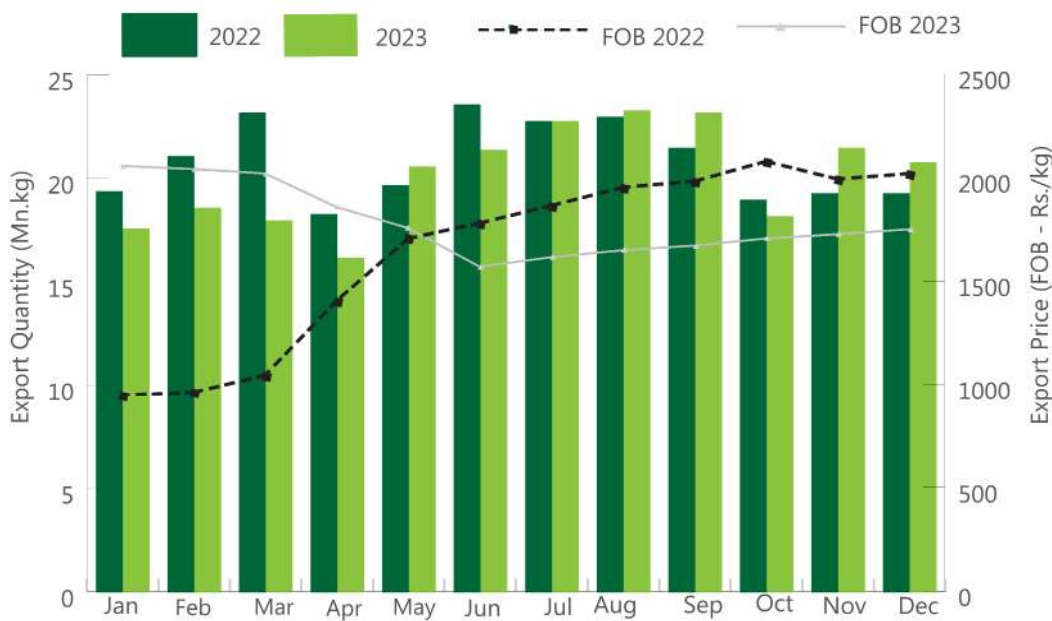
Intense competition from rivals has adversely affected to the nation’s competitive position and this has been exacerbated by the higher production cost of tea and poor yield in Sri Lanka. Meanwhile, the country’s continues dependency on orthodox tea as opposed to CTC teas could further erode its market share among global consumers’ rapidly changing preferences.

#### 3.4.1. Tea Export analysis according to categories

In general, preferences for tea vary substantially, depending on the origin and quality of the leaves. Middle Eastern and CIS countries demand for Sri Lankan low-grown, orthodox teas, which gives a strong tea cup intaste. In 2023, total tea exports including re-exports in different categories of Black & Instant showed a decrease of its volume by 3% & 9% respectively. Nevertheless annual green tea volume recorded 7% increase when compare to 2022. However rupee earnings from Ceylon tea exports increased considerably in the review year.

Yearly black tea export percentage remains approx. 97%, green tea percentage is around 2% and instant teas remains at approx. 1% as a percentage of total tea exports. Total export volume (with re export) showed 3% decrease with 8.2 Mnkg volume change compared to previous year. However export showed 4 % volume de-growth and re-exports showed 23% volume increase respectively. Furthermore, exports & re-export values increased by 3% & 23% respectively. However, cumulative exports earnings were ended up with US\$ 1,309.8 Million in 2023 relating to the US\$ 1,259 Million in 2022 accomplished a 4% increase.

Chart 3.4: Monthly Total tea exports 2023- Volume in kgs & Unit Value Rs/kg



Source: Custom Data

### 3.4.2. Annual tea exports

Table 3.7: Annual tea exports – 2023

Category	Qty (kg )	Value (Rs.)	FOB (Rs./kg)
<b>Export</b>			
<b>Black</b>			
Bags	18,261,980	55,608,789,092	3,045.00
Bulk	101,457,746	151,303,094,873	1,491.00
Packets (4g-1kg)	72,736,826	126,843,170,163	1,744.00
Packets (1Kg-3kg)	2,014,683	3,780,130,682	1,876.00
Packets (3Kg-5kg)	10,844,467	18,970,994,564	1,749.00
Packets (5Kg-10kg)	21,439,279	28,053,905,263	1,309.00
<b>Black Total</b>	<b>226,754,981</b>	<b>384,560,084,637</b>	<b>1,696.00</b>
<b>Green</b>			
Bags	803,222	4,556,032,692	5,672.00
Bulk	372,295	783,543,773	2,105.00
Packets (4g-1kg)	790,634	2,627,099,315	3,323.00
Packets (1Kg-3kg)	7,608	14,982,212	1,969.00
Packets (3Kg-5kg)	1,328	2,721,102	2,049.00
Packets (5Kg-10kg)	12,085	34,214,589	2,831.00
<b>Green Total</b>	<b>1,987,172</b>	<b>8,018,593,683</b>	<b>4,035.00</b>
<b>Instant</b>			
Bags	120	596,707	4,973.00
Packets (>3kg)	2,717,678	9,263,891,449	3,409.00
<b>Instant Total</b>	<b>2,717,798</b>	<b>9,264,488,156</b>	<b>3,409.00</b>
<b>Export Total</b>	<b>231,459,951</b>	<b>401,843,166,476</b>	<b>1,736.00</b>
<b>Re Export</b>			
<b>Black</b>			
Bags	4,978,580	11,258,701,870	2,261.00
Bulk	1,869,682	2,653,642,464	1,419.00
Packets (4g-1kg)	925,825	2,100,416,844	2,269.00
Packets (1Kg-3kg)	1,579	4,523,589	2,865.00
Packets (3Kg-5kg)	200	485,780	2,429.00
Packets (5Kg-10kg)	54,280	119,555,019	2,203.00
<b>Black Total</b>	<b>7,830,146</b>	<b>16,137,325,566</b>	<b>2,061.00</b>
<b>Green</b>			
Bags	1,200,312	7,687,117,157	6,404.00
Bulk	335,377	394,080,067	1,175.00
Packets (4g-1kg)	922,862	1,901,241,686	2,060.00
Packets (1Kg-3kg)	230	698,830	3,038.00
Packets (3Kg-5kg)	55,609	133,013,567	2,392.00
Packets (5Kg-10kg)	24,187	52,148,703	2,156.00
<b>Green Total</b>	<b>2,538,577</b>	<b>10,168,300,010</b>	<b>4,006.00</b>
<b>Instant</b>			
Bags	398	754,013	1,895.00
Packets (1Kg-3kg)	1,534	3,187,502	2,078.00
Packets (>3kg)	82,084	138,926,051	1,692.00
<b>Instant Total</b>	<b>84,016</b>	<b>142,867,566</b>	<b>1,700.00</b>
<b>Re Export Total</b>	<b>10,452,739</b>	<b>26,448,493,142</b>	<b>2,530.00</b>
<b>Grand Total</b>	<b>241,912,705</b>	<b>428,291,679,825</b>	<b>1,770.00</b>

Source: Sri Lanka Tea Board

### 3.4.3. Value added Tea Exports

The global preferences are rapidly changing into value added tea categories. Hence, Sri Lanka should adopt to these market changes in order to maintain its traditional market position in the globe. Exports of value added tea volume (less than 3kg in form of tea packets, tea bags and instant teas) recorded a share of 44% of the total export volume for the year 2023 and it generated Rs.225Bn export income remarking the value share of 53%.

Table 3.8 :Value added Tea Exports

Export type	Category	Quantity(kg)	Value (Rs)	FOB (Rs/kg)
Export	Black	93,013,489	186,232,089,937	2,002.21
	Green	1,601,464	7,198,114,219	4,494.71
	Instant	2,717,813	9,264,508,363	3,408.81
	<b>Sub Total</b>	<b>97,332,766</b>	<b>202,694,712,519</b>	<b>2,082.49</b>
Re Export	Black	5,905,984	13,363,642,303	2,262.73
	Green	2,123,404	9,589,057,673	4,515.89
	Instant	84,016	142,867,566	1,700.48
	<b>Sub Total</b>	<b>8,113,404</b>	<b>23,095,567,542</b>	<b>2,846.59</b>
<b>Total</b>		<b>105,446,169</b>	<b>225,790,280,061</b>	<b>2,141.28</b>

Source:Sri Lanka Tea Board

FOB price for Bulk and Value added teas are shown in the below graph. Exports FOB for the value added tea is higher than Bulk tea. Further promotions on value added tea exports will positively contributed to the Sri Lankan economy than bulk tea exports. During the year under review, FOB prices for both value added and bulk tea have reflected an increase respectively.

Chart 3.5 : FOB for value added exports & bulk tea exports 2023



Source: Custom Data

### 3.4.4. Main Destinations of Sri Lanka Tea Exports

In the past UK, Pakistan, Egypt had higher market share for Ceylon tea. However, those countries were not even in the first 25 exports destinations at present. Iraq became the main Sri Lankan tea exporter by importing 13.5% of total Ceylon tea exports with 24% decline compared to 2022.

Turkey was the second largest export destination in volume with 12.5% export share in 2023. It was 95 % increase of exports compared to 2022. The average FOB prices for Saudi Arabia showed a high price among top ten countries in 2023 which was achieved Rs.2, 477 per kg. Meanwhile the countries of Turkey, China, Chile, Syria & Saudi Arabia which is in the top 10 list imported Ceylon tea more than the year 2022 while Iraq, Russia, UAE, Libya, Azerbaijan decreased their portion of Ceylon tea imports in the current year. However top 10 countries have been exported 66% of Ceylon tea exports during the year 2023. Among the top 10 destinations of Ceylon tea exports, Iraq reduced their demand for Ceylon tea by 24% as a result of their internal issues in the country. Also it is noticeable that the supply of Ceylon tea to the world is diminishing gradually after 2013 due to production losses and etc.

Table 3.9: Main Destinations of Sri Lankan Tea Exports 2023

Country	2023				2022				Volume Growth (%)
	Rank	Quantity (kg)	FOB RS/ kg	Export share (%)	Rank	Quantity (kg)	FOB (Rs./ kg)	Export share (%)	
Iraq	1	32,751,246	1,203.06	13.54	1	43,245,924	1,092.82	17.29	(24.3)
Turkey	2	30,411,858	1,676.23	12.57	4	15,595,068	1,503.25	6.23	95.0
Russia	3	22,617,599	1,754.35	9.35	2	24,733,188	1,638.30	9.89	(8.6)
UAE	4	18,460,239	1,715.3	7.63	3	22,558,454	1,704.39	9.02	(18.2)
China	5	12,319,524	1,471.02	5.09	7	11,128,882	1,401.10	4.45	10.7
Libya	6	11,127,949	1,226.41	4.6	6	11,200,519	1,195.87	4.48	(0.6)
Azerbaijan	7	9,176,629	1,700.75	3.79	5	12,091,887	1,749.26	4.83	(24.1)
Chile	8	7,887,268	1,323.77	3.26	8	6,513,522	1,394.49	2.6	21.1
Syria	9	7,083,647	1,966.88	2.93	10	6,153,518	1,760.51	2.46	15.1
Saudi Arabia	10	7,012,587	2,476.85	2.9	9	6,270,569	2,295.16	2.51	11.8
Top 10 Total		158,848,546	1,579.13	65.66		159,491,531	1467.9106	63.76	(0.4)
<b>Grand Total</b>		<b>241,912,705</b>	<b>1,770.44</b>	<b>100.00</b>		<b>250,171,340</b>	<b>1643.093</b>	<b>100</b>	<b>(3.3)</b>

Source: Sri Lanka Tea Board

Russia has moved down to the 3rd place in the list of main destinations of Ceylon Teas, while UAE positioned in the 4th place with an export volume share of 8%. The Middle East is Sri Lanka's largest export destination as a region; demand has been expanding robustly due to strong oil prices. As for earnings, all the top 10 countries recorded significantly the higher FOBs with respect to the average unit FOB price attained. Furthermore total export revenue exceeded Rs. 428 Bn in 2023 recording a significance increase of its earnings with compared to 2022. However, Sri Lankan bulk teas exports have now tilted towards the Middle East as a result of other regions are used to drink tea bags.

Table 3.10: Tea exports quantities and Ranking for top 20 countries by package type - 2023

Country	Bags		Bulk		Packets (>3kg)		Packets (1kg-3kg)		Packets 3kg-5kg)		Packets (4g-1kg)		Packets (5kg-10kg)		Grand Total	
	Qty	Rank	Qty	Rank	Qty	Rank	Qty	Rank	Qty	Rank	Qty	Rank	Qty	Rank	Qty	Rank
USA	219,692	14	4,495,778	8	-	0	147,844	4	1,043,125	3	15,368,253	1	11,476,555	1	32,751,246	1
Libya	424,590	9	6,497,661	5	720	10	797,387	1	4,939,325	1	13,750,008	2	4,002,168	2	30,411,858	2
Russia	1,062,681	6	17,912,658	1	3,154	7	-	0	24,895	12	3,598,681	4	15,530	11	22,617,599	3
UAE	310,215	11	12,225,636	2	2,367	8	36,947	7	248,485	4	3,333,264	5	2,303,326	3	18,460,239	4
Ukraine	281,915	12	10,912,142	3	45,183	2	62,747	6	290	15	443,425	14	573,822	5	12,319,524	5
Netherland (Holand)	56,879	18	-	0	-	0	-	0	-	0	11,071,070	3	-	0	11,127,949	6
Saudi Arabia	6,457	19	8,777,442	4	-	0	6,400	11	13,650	13	366,779	15	5,900	15	9,176,629	7
Poland	1,339,297	5	6,309,248	6	1,742	9	-	0	-	0	231,981	16	5,000	16	7,887,268	8
China	715,200	8	804,894	16	-	0	538,988	2	3,763,925	2	1,143,415	12	117,225	7	7,083,647	9
Australia	2,450,539	1	1,496,006	14	29,812	5	14,065	8	129,134	7	2,880,866	7	12,165	12	7,012,587	10
Taiwan	714	20	5,181,547	7	-	0	12,800	9	134,330	6	156,142	19	1,016,300	4	6,501,833	11
UK	165,875	15	4,156,469	9	32,284	4	-	0	10	17	1,788,986	11	4,107	17	6,147,731	12
France	1,508,700	4	1,759,643	13	108,138	1	903	13	12,814	14	1,833,533	10	25,063	9	5,248,795	13
Nigeria	2,004,041	2	-	0	90	11	85,300	5	47,500	11	2,647,797	8	100	18	4,784,828	14
Belarus	736,822	7	3,838,543	10	15,235	6	200	14	52,864	10	28,076	20	91,189	8	4,762,930	15
Canada	76,008	17	3,812,557	11	43,500	3	11,203	10	94,902	9	227,783	17	20,224	10	4,286,177	16
Uzbekistan	120,075	16	3,106,275	12	-	0	245,927	3	117,646	8	211,210	18	7,445	14	3,808,577	17
Germany	225,988	13	56,921	17	-	0	-	0	-	0	3,242,201	6	-	0	3,525,111	18
Israel	1,655,581	3	1,157,994	15	60	12	4	15	77	16	583,378	13	8,100	13	3,405,194	19
Chile	335,946	10	4,126	18	-	0	1,200	12	195,262	5	1,853,761	9	153,486	6	2,543,781	20
<b>Top 20 Total</b>	<b>13,697,215</b>		<b>92,505,540</b>		<b>282,285</b>		<b>1,961,915</b>		<b>10,818,234</b>		<b>64,760,609</b>		<b>19,837,705</b>		<b>203,863,503</b>	
<b>Grand Total</b>	<b>25,244,612</b>		<b>104,035,100</b>		<b>2,799,762</b>		<b>2,025,634</b>		<b>10,901,604</b>		<b>75,376,161</b>		<b>21,529,831</b>		<b>241,912,705</b>	

Source: Sri Lanka Tea Board

### 3.4.5. Exports of Black Tea

Black tea accounted for 97% (234.5Mn.kg) of total tea exports and contributed 94% to the total exports revenue (Rs.400.7Bn). Among all the black tea export destinations, Top twenty accounted 86% of volume and 82% by value. In 2023, Iraq acquired the first place among prime black tea importer by importing 14% volume of Ceylon tea exports while Turkey positioned in second place in 2023 by importing 13% of Ceylon tea exports. However Russia remains as the prime importer of Sri Lankan black tea until 2013 and 2014 Turkey acquires the first place among highest importer of Ceylon black tea. Again Russia comes to the first place as the prime black tea importer in year 2015 by importing 12% of Ceylon black tea. In 2016 Russia became the second importer of the Ceylon black tea export destinations and for the next five consecutive years Russia acquires the third place among the Ceylon black exports destinations. In 2022 Russia gained the second place by importing 24 Mn kgs from Ceylon tea and in the review year it was recorded as 22 Mn killos. While Russia positioned in the third place among the Ceylon black tea export destinations.

Table 3.11: Top 20 Black tea exports destination and market share 2023 (With Re export)

Rank	Country	Quantity (Mn.kg)	Value (Rs.Bn)	FOB (Rs/kg)	Volume Share (%)	Value Share (%)	Qty Growth (23 Vs 22)(%)
1	Iraq	32.74	39.37	1,202.42	13.96	9.83	(24.23)
2	Turkey	30.38	50.92	1,676.19	12.95	12.71	95.01
3	Russia	22.11	37.92	1,714.68	9.43	9.46	(8.83)
4	UAE	18.03	30.75	1,705.45	7.69	7.67	(18.87)
5	China	12.17	17.65	1,450.25	5.19	4.40	10.64
6	Libya	10.58	12.89	1,218.46	4.51	3.22	(2.04)
7	Azerbaijan	9.17	15.58	1,699.27	3.91	3.89	(24.12)
8	Chile	7.84	10.20	1,300.47	3.34	2.55	21.77
9	Syria	7.08	13.93	1,966.84	3.02	3.48	15.19
10	Saudi Arabia	6.77	16.47	2,433.22	2.89	4.11	10.49
11	Iran	6.50	12.21	1,878.31	2.77	3.05	(50.14)
12	Germany	6.06	11.53	1,903.62	2.58	2.88	(6.07)
13	Jordan	4.77	9.46	1,984.01	2.03	2.36	21.93
14	Japan	4.74	10.43	2,200.53	2.02	2.60	(19.61)
15	USA	4.56	8.61	1,888.73	1.94	2.15	(20.99)
16	Taiwan	4.14	5.88	1,419.72	1.77	1.47	(14.07)
17	Hong Kong	3.80	5.88	1,548.45	1.62	1.47	(0.36)
18	Belgium	3.51	5.10	1,454.18	1.49	1.27	21.59
19	Poland	3.24	7.93	2,448.98	1.38	1.98	(0.54)
20	Lebanon	2.53	5.27	2,087.45	1.08	1.32	91.19
<b>Top 20 Totals</b>		<b>200.72</b>	<b>327.98</b>	<b>1,634.10</b>	<b>85.57</b>	<b>81.87</b>	<b>(3.98)</b>

Source: Sri Lanka Tea Board

Below graph indicates the top 5 black tea exports destination and its volume share. The highest black tea export destination imported 14% volume share while lowest imported 5% of total black tea exports.

### 3.4.6. Exports of Green Tea

Green tea encountered 2% (4.5Mn.kg) of total tea exports and contributed 4% (Rs.18 Bn) of total revenue during the year 2023. Among all green tea export destinations, Top twenty represented 84% of volume and 79% by value. Out of leading twenty importers of Green teas, USA recorded a considerable volume of 0.6 Mnkg while UK recorded high FOB prices of Rs 8,517 for year 2023. Otherwise almost all the top 20 green tea exports destinations recorded high FOB Prices while Libya recorded prices below Rs 1,500 per kg. However 11% volume growth was recorded for top 20 green tea export destinations in year 2023 when compared with 2022 top 10 exports volumes.

Table 3.12: Top-Twenty Destinations of Green Tea 2023 Exports

Rank	Country	Quantity (kg)	Value(Rs)	FOB (Rs/kg)	Volume Share (%)	Value Share (%)	Qty Growth (%)('23Vs'22)
1	USA	583,100	3,422,553,900	5,869.58	12.88	18.82	(0.69)
2	Libya	545,955	753,696,333	1,380.51	12.06	4.14	37.10
3	Russia	500,755	1,753,155,261	3,501.02	11.06	9.64	4.80
4	UAE	429,349	910,617,463	2,120.93	9.49	5.01	27.44
5	Ukraine	259,054	612,992,933	2,366.27	5.72	3.37	24.93
6	Netherland (Holand)	221,510	1,580,824,307	7,136.58	4.89	8.69	(3.68)
7	Saudi Arabia	213,547	793,701,291	3,716.76	4.72	4.36	59.98
8	Poland	165,688	640,389,021	3,865.02	3.66	3.52	36.78
9	China	107,056	388,339,615	3,627.45	2.37	2.14	80.52
10	Australia	104,164	594,173,942	5,704.22	2.30	3.27	(10.01)
11	Taiwan	101,705	211,295,931	2,077.54	2.25	1.16	(3.08)
12	United Kingdom	74,390	633,580,150	8,517.01	1.64	3.48	18.57
13	France	72,776	482,937,107	6,635.97	1.61	2.66	31.05
14	Nigeria	69,011	312,832,240	4,533.07	1.52	1.72	(27.52)
15	Belarus	65,149	185,891,891	2,853.35	1.44	1.02	(0.78)
16	Canada	62,097	327,558,206	5,274.93	1.37	1.80	2.00
17	Uzbekistan	60,994	200,471,017	3,286.75	1.35	1.10	(19.88)
18	Germany	58,380	192,954,130	3,305.15	1.29	1.06	(35.93)
19	Israel	49,781	189,135,362	3,799.33	1.10	1.04	32.15
20	Chile	43,670	237,527,499	5,439.15	0.96	1.31	(40.31)
	<b>Top 20 Totals</b>	<b>3,788,131</b>	<b>14,424,627,599</b>	<b>3,807.85</b>	<b>83.68</b>	<b>79.31</b>	<b>11.74</b>

Source:Sri Lanka Tea Board

### 3.4.7. Exports of Instant Tea

Ireland is playing a vital role in Ceylon Instant tea market as the leading instant tea importing country from Sri Lanka and responsible for an import volume 2.3Mn.kg. (82%) of Instant tea. USA(3.86%), Pakistan (2.09%), China (1.61%), Thailand (1.57%) maintained later positions in the list of major instant tea exports destinations respectively. During the review year, total Instant tea exported was 3Mn kg with respective value recorded as Rs 9 Bn. However Sri Lanka is selling its instant tea kilo to the top demanders in the world at an average price in between Rs 3000-4000.

### 3.4.8. Exports of Ready to Drink (RTD) Teas

For 2023, total RTD exports could carry Rs.22 Mn of export revenue by exporting 37,608 liters of RTD teas. Latvia played a vital role in RTD market by importing 21,600 liters and it generated Rs.11.6 Mn. in earnings. USA & Mauritius were other major markets for Ceylon RTD exports. However during last two years it was noticed that Sri Lankan RTD market has been gradually declining.

## 3.5. Global Tea Industry

Tea is one of the most frequently consumed hot beverages in the world, second only to water. As a natural beverage it is popular among all the ethnic groups in the world and almost all the age groups too. Among the Sri Lanka's exports particularly tea has played a vital role in the National economy and Social Development from the inception of its illustrious history. The commodity based product has made inroads as a significant contributor of Sri Lanka's exports earnings, whilst this segment is also amongst the largest employers in the country.

As main tea producing countries, China, India, Kenya, Sri Lanka & Turkey is playing a major role in the tea world. In the review year while Sri Lanka positioned in the 5<sup>th</sup> place Turkey remained in the 4<sup>th</sup> place during the year 2023. Meanwhile Vietnam, Indonesia were placed in the next positions of the major tea producers' list. These five countries account for 86% of world production and 85% of global exports. (Supplement of Annual Bulletin of Statistics 2023) While China was mainly instrumental for the surge in world tea crop, African Continent particularly Kenya also registered a bumper harvest. However considering the Sri Lankan scenario in the global tea industry, the years 2020, 2021, 2022 performed moderately with key performance indicators of exports, production, etc. However In 2023 Ceylon tea market share in the global tea exports was 13.7% while Sri Lanka positioned in the 5<sup>th</sup> place among main tea producing countries in the world.

### 3.5.1. Global Tea Cultivation

Total extent planted with tea in the world was estimated to be more than 5 million hectares at the end of the year 2022.

Table 3.13: Highest Tea Extent Records

Country	2017 (Ha)	2018 (Ha)	2019 (Ha)	2020 (Ha)	2021 (Ha)	2022 (Ha)
China	3,059,000	2,985,800	3,065,500	3,165,130	3,264,060	3,330,270
India	590,000	636,560	636,560	636,560	636,560	619,770
Sri Lanka	202,540	202,540	202,540	202,540	202,540	267,186
Kenya	232,742	234,300	269,430	269,430	269,430	276,258
Vietnam	134,000	130,000	130,000	130,000	130,000	128,000
Indonesia	116,500	115,300	114,300	113,500	113,400	111,900
Myanmar	80,000	81,000	81,400	81,400	81,600	82,000
Turkey	77,000	83,000	83,000	83,000	83,000	81,000
Bangladesh	59,000	59,300	61,000	65,429	65,972	66,000
Japan	42,400	41,600	40,600	39,100	38,000	37,000

Source: Annual ITC Bulletin of Statistics - 2023

According to the International Tea Committee (ITC), largest tea extent is found in China (63%) and they are rapidly expanding their tea extent annually. Kenya is also reaching to a higher extent within the years 2010 to 2022 by expanding their tea growing area up to 276,258 Ha in 2022. The top-ten countries of tea growing are bearing 94% of total tea extent.

### 3.5.2. Global Tea Consumption

Annual tea consumption and triennial average per capita tea consumption during the three years period of 2020-2022 reveal that the consumption was highest in China, recording 2,629 Mn.kg. Although the per capita consumption is low it was recorded as 1.86 kg. Turkey showed the highest per capita consumption at 3.11 kg per head with 261.67 Mn kg of annual consumption. Libya also showed a high per capita consumption recording a 2.07 kg per head.

Table 3.14: Country-wise Tea Consumption Statistics.

Country	2018-20		2019-21		2020-22	
	Total(Mnkg)	p hd(kg)	Total (Mnkg)	p hd (kg)	Total (Mnkg)	p hd (kg)
Libya	15.33	2.64	14.13	2.05	14.37	2.07
Afghanistan	27.87	0.91	25.63	0.82	22.07	0.69
Turkey	263.27	3.2	269.47	3.23	261.67	3.11
United Kingdom (a)	107.6	1.61	102.25	1.52	100.74	1.5
Morocco	74.23	2.09	75.3	2.09	73.24	2.02
Ireland Republic	10.38	2.1	9.89	1.99	8.92	1.78
Taiwan	36.55	1.3	36.94	1.32	36.31	1.25
Qatar	4.28	1.53	4.28	1.51	4.39	1.6
Sri Lanka	29.53	1.36	29.59	1.35	29.76	1.34
Hong Kong	12.37	1.65	13.73	1.83	14.63	1.97
Chile	21.45	1.12	20.74	1.07	20.91	1.06
Syria	9.85	0.64	10.9	0.61	9.6	0.54
Egypt	98.85	1	100.59	1	92.93	0.91
Iraq	43.23	1.11	43.8	1.1	46.17	1.14
Iran	78.23	0.94	73.27	0.87	59.83	0.71
China	2289	1.64	2489	1.78	2,629	1.86
India	1091	0.83	1096.73	0.81	1140.07	0.83
CIS	239.23	0.82	237.75	0.82	233.98	0.8
Pakistan	216.34	1.01	234.9	1.08	245.18	1.12
USA	114.09	0.35	112.54	0.34	113.34	0.34
Japan	100.05	0.79	97.26	0.77	92.83	0.74
Indonesia	95.33	0.36	95.67	0.35	93.67	0.34
Bangladesh	85.17	0.51	88.17	0.52	89.33	0.53
Poland	38.78	1.02	39.49	1.04	40.43	1.07
Germany	24.93	0.3	23.82	0.29	24.54	0.3

Source: Annual Bulletin of Statistics – ITC -2023

Total: Mn kg

P hd : Per head Consumption

### 3.5.3. Global Tea Production

Global tea production reached up to 6.6Bnkg during the year 2023 and it showed 1.8% increase compared to the year 2022. China, India, Kenya, Sri Lanka, Turkey, Vietnam and Indonesia represented around 91% of global tea production for year 2023. Although India and China are still the largest tea producers, these 2 nations' considerable domestic consumption has rendered and Kenya the largest global exporters of this commodity.

Sri Lanka became the fifth largest tea producer in the global producer list with an increasing annual production of Ceylon tea in year 2023 while Turkey remain their position in the fourth place. However Sri Lanka's share of the global tea production is 4% in year 2023.

China occupies the highest position with 3,250 Mnkg accounting for 49% of world production and India stayed at second with an annual production of 1,368 Mnkg. representing of 21% of world Tea Production in 2023. Kenya is placed third with a manufacturing level at 570 Mn.kg. and 9% share. As the fourth contributor to the world tea production Turkey produced 265 Mn kg with a share of 4.1% in 2023.

Chart 3.6 : World Tea Production Statistics



Source: Supplement: Annual ITC Bulletin of Statistics – 2023

### 3.5.4. Global Tea Sales

Colombo Auctions handled 250 Mn.kg of tea at an average price per kilogram at US\$ 3.56 for year 2023. However, the volume traded in Mombasa Auctions also maintained about 490 Mn.kg and Kolkata Auctions had traded a considerable volume of 150 Mn kg in 2023. When considering the major auction centers in the world it is noticeable, Colombo auction holds the record for the highest average price fetched for the last many years.

Table 3.15: Statistics of Major Tea Auctions (Qty. - in Mn.kg. Avg. Unit Price - in US\$/kg.)

Auction Centre	2019		2020		2021		2022		2023	
	Qty.	Price	Qty.	Price	Qty.	Price	Qty.	Price	Qty.	Price
Chittagong	85	2.31	82.99	2.05	88	2.32	87	2.10	88	1.71
Cochin	42	1.66	41.52	1.92	48	1.92	49	1.82	46	1.68
Colombo	298	3.07	268.24	3.39	296	3.09	249	3.82	250	3.56
Guwahati	150	2.09	162.52	2.69	155	2.49	143	2.43	142	2.28
Jakarta	-	-	-	-	-	-	-	-	-	-
Kolkata	168	2.43	132.6	2.91	169	2.86	157	2.96	150	2.52
Limbe	9	1.46	5.98	1.44	13	1.38	9	1.42	6	1.30
Mombasa	454	2.04	516.8	1.93	504	1.97	505	2.33	490	2.07
Siliguri									143	1.99

Source: Sri Lanka Tea Board

The Colombo auction center exceeded the average price USD 3.00 per kg. in year 2023 and it was able to keep the prices above US\$ 3 for last many years. During the review period Kolkata, Guwahati, Mombasa auction centers exceeded the 2 dollars per kg. and Kolkata held the second largest average auction price while Guwahati held the third position.

### 3.5.5. Global Tea Exports

Chart 3.7 : Major Tea Exporters



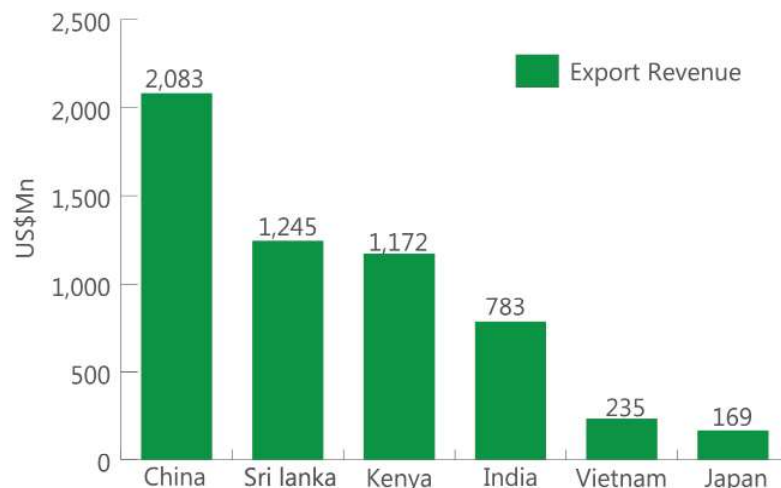
Source: Supplement to Annual ITC Bulletin of Statistics - 2023

Note: Sri Lankan Figure with excluding Re-exports

Global tea exports during 2023 showed an increase of 6,797kg (0.3%) as against the previous year. India, SL, China, & Vietnam showed a negative growth in their exports against last year. However Kenya showed a 16% volume increase of its exports compared to the year 2023. The four largest exporters, viz, Kenya, China, India and Sri Lanka accounted for more than 77% of global exports.

The leading tea exporting countries with their export revenues in year 2022 are listed below. It reveals that China recorded as largest income earner from tea exports. This reveals that Kenya has earned as the third largest export earner. As the Second largest export revenue earner Sri Lanka was able to maintain 1.3 billion US dollar industry status with its pure Sri Lankan tea exports.

Chart 3.8 : Top Most Exports Revenue



Source: Annual ITC Bulletin of Statistics - 2023

## 4. Approach to the Sustainable Development Goals



Sustainable Development Goals (SDG's) are bold, universal agreement to end poverty in all its dimensions and craft and equal, justice and secure world for people, planet and prosperity by 2030.

Sustainable Development Goals and 169 targets part of transforming our world; the 2030 Agenda for Sustainable Development, which was adopted by 193 member states at the historic UN General Assembly Summit in September 2015, and came in to effect on 1st January, 2016. The SDGs have been developed through an unprecedented consultative process that brought national governments and millions of citizens from across the globe together to negotiate and adopt the ambitious agenda.

Out of these 17 established goals, several goals are relevant to the scope of the Sri Lanka Tea Board. Efforts made by the Sri Lanka Tea Board together with all stakeholders to achieve the goals towards sustainability of the tea industry are briefly described under each goal below.

Sri Lanka Tea Board contributes No Poverty by implementing by regulating the tea industry

- Conducting awareness programs to tea growers to uplift the leaf quality standards.
- Constant supervision and monitoring mechanism to ensure green leaf standard and paying reasonable price for smallholders, thus trickling down the impact of export FOB price increases through registered manufacturers. Currently around there are 585 tea factories and 485,000 tea small holders.
- Rs.150 provided for TSHDA for implementation of direct planting program in small tea lands (less than 10 acres)



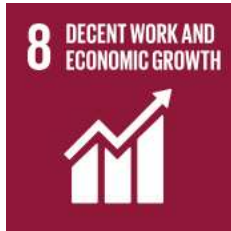
- The Government of Sri Lanka donated Ceylon Tea to Myanmar under the humanitarian assistance to the victims of Cyclone in Myanmar.
- The Government of Sri Lanka with the support of the Ceylon Tea Exporters donated a consignment of "Ceylon Tea" on 10 February 2023, to the Ambassador of Türkiye in Colombo to be delivered to the victims of the devastating earthquakes in Türkiye.

- All junior-level and middle-manager-level employees participated in the training programs organized by the SLTB to enhance their teamwork, motivation, and subject-related knowledge. Additionally, there was a training session specifically designed for management assistants of the SLTB to boost their motivation



- The SLTB treats stakeholders of the industry without any gender bias. At the Sri Lanka Tea Board, employees engage in their work without any gender bias

- In 2023, the Sri Lanka Tea Board continued its solar power subsidy scheme and disbursed Rs14.076 million as interest subsidy payments.



- Tea Factory Modernization Subsidy Scheme was implemented and has so far, covered 25 Factories incurring Rs.16.984Mn
- SLTB provided Rs.52.47Mn for tea replanting subsidy program to maintain the sustainable tea production

- SLTB provided a financial assistance for tea factories for moisture meters and it supported to enhance the quality of the green leaf and to reduce malpractices.
- Continuation of the Tea Exporter Machinery subsidy program and paid Rs.39.37Mn during the year 2023.



- Implementation of irrigation subsidy scheme to establish proper irrigation system in tea lands.
- Implementation of High shade management project to improve the productivity of tea lands

To settle a longstanding payment liability of \$250 million owed to Iran for oil purchased in 2012, Sri Lanka and Iran reached an agreement to offset the payment for crude oil against tea imports from Sri Lanka. The amount owed by the Ceylon Petroleum Corporation to the National Iranian Oil Company is covered by the Ceylon Tea export proceeds to Iran for at least 48 months. The SLTB pays tea exporters based on the value of tea



# 5. FINANCIAL REVIEW

**STATEMENT OF FINANCIAL POSITION**As at 31<sup>st</sup> December 2023

Assets	Notes	2023 (Rs.)	2022 (Rs.)
<b>Non-current Assets</b>			
Property, Plant and Equipment	F	1,607,420,541	1,613,886,378
Prepaid Leasehold Right to Land	G	2,350,952	2,427,337
Intangible Assets	H	28,627,801	28,993,877
		<u>1,638,399,294</u>	<u>1,645,307,592</u>
<b>Current Assets</b>			
Inventories	I	64,559,937	34,494,977
Trade and Other Receivables	J	241,154,800	154,529,829
Deposits and Prepayments	K	54,352,528	59,668,267
Other Financial Assets	L	13,640,954,803	9,881,196,687
Loans	M	1,096,820,125	1,377,428,764
Cash & Cash Equivalents	N	213,989,748	388,067,757
		<u>15,311,831,941</u>	<u>11,895,386,281</u>
<b>Total Assets</b>		<b>16,950,231,2365</b>	<b>13,540,693,873</b>
<b>Equity And Liabilities</b>			
Contributed Capital		672,012,202	672,012,202
Retained Earnings		218,256,656	41,600,571
Promotion and Marketing Levy	O	10,050,041,235	9,869,442,654
Revaluation Reserve		1,308,977,885	1,275,202,496
<b>Total Equity</b>		<b>12,249,287,978</b>	<b>11,858,257,923</b>
<b>Non-Current Liabilities</b>			
Employee Benefit Obligations	P	43,822,237	43,699,322
		<u>43,822,237</u>	<u>43,699,322</u>
<b>Current Liabilities</b>			
Income Tax payable	Q	175,018,421	163,276,674
Trade and Other Payables	R	4,480,839,141	1,308,577,437
Bank Overdraft	S	1,263,459	215,852
Bank Loan		-	166,666,666
		<u>4,657,121,021</u>	<u>1,638,736,629</u>
<b>Total Equity and Liabilities</b>		<b>16,950,231,236</b>	<b>13,540,693,874</b>

The accounting policies on pages 67 to 78 and Notes on pages 79 to 86 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

  
 Director Finance  
 Date: 26.02.2024

  
 Director General  
 Date: 26.02.2024

  
 Chairman  
 Date: 26.02.2024

  
 Director  
 Date: 26.02.2024

**INCOME STATEMENT**As at 31<sup>st</sup> December 2023

		2023 (Rs.)	2022 (Rs.)
<b>Income</b>	<b>A</b>	<b>1,020,941,560</b>	<b>797,122,462</b>
<b>Expenditure</b>			
Tea Sector Development Expenditure	B	(335,444,475)	(144,658,596)
Administrative Expenses	C	(564,794,804)	(504,880,134)
<b>Operating Surplus / (Deficit)</b>		<b>120,702,281</b>	<b>147,583,732</b>
Finance Income	D	112,610,616	75,129,356
Finance Expenses	E	(247,508)	(174,594)
<b>Surplus / (Deficit) Before Taxation</b>		<b>233,065,389</b>	<b>222,538,495</b>
Tax paid on Interest Income	Q	(38,192,593)	(12,248,758)
<b>Surplus / (Deficit) After Taxation</b>		<b>194,872,796</b>	<b>210,289,737</b>

The accounting policies on pages 6 to 23 and Notes on pages 24 to 31 form an integral part of these Financial Statements.

**STATEMENT OF OTHER COMPREHENSIVE INCOME**Year ended 31<sup>st</sup> December 2023

	2023 (Rs.)	2022 (Rs.)
<b>Surplus / (Deficit) for the period</b>	<b>194,872,796</b>	<b>210,289,737</b>
Actuarial valuation	(10,674,728)	24,704,215
Revaluation surplus	33,775,389	737,979,015
<b>Surplus / (Deficit) for the period</b>	<b>217,973,457</b>	<b>972,972,967</b>

The accounting policies on pages 67 to 78 and Notes on pages 79 to 86 form an integral part of these Financial Statements.

**STATEMENT OF CHANGES IN EQUITY**Year ended 31<sup>st</sup> December 2023

	Contributed Capital (Rs.)	Promotion & Marketing Levy (Rs.)	Revaluation Reserve (Rs.)	Retained Earnings (Rs.)	Total (Rs.)
Balance as at 01st January 2020	672,012,202	9,003,547,467	509,766,986	(117,001,094)	10,068,325,560
Promotion and Marketing Levy (Note - O)	-	148,907,390	-	-	148,907,390
Adjustments	-	(1,064,340)	-	411,077	(653,263)
Surplus for the year 2020	-	-	27,456,495	(21,447,654)	6,008,840
<b>Balance as at 31<sup>st</sup> December 2020</b>	<b>672,012,202</b>	<b>9,151,390,518</b>	<b>537,223,481</b>	<b>(138,037,672)</b>	<b>10,222,588,528</b>
Balance as at 01st January 2021	672,012,202	9,151,390,518	537,223,481	(138,037,672)	10,222,588,528
Promotion and Marketing Levy (Note - O)	-	744,046,097	-	-	744,046,097
Adjustments	-	(419,410,396)	-	(43,045,374)	(462,455,769)
Surplus for the year 2021	-	-	-	8,194,034	8,194,034
<b>Balance as at 31<sup>st</sup> December 2021</b>	<b>672,012,202</b>	<b>9,476,026,219</b>	<b>537,223,481</b>	<b>(172,889,012)</b>	<b>10,512,372,889</b>
Balance as at 01st January 2022	672,012,202	9,476,026,219	537,223,481	(172,889,012)	10,512,372,889
Promotion and Marketing Levy (Note - O)	-	391,720,699	-	-	391,720,699
Adjustments	-	1,695,736	-	(20,504,369)	(18,808,633)
Acturial Gain	-	-	-	24,704,215	24,704,215
Surplus for the year 2022	-	-	737,979,015	210,289,737	244,065,126
<b>Balance as at 31<sup>st</sup> December 2022</b>	<b>672,012,202</b>	<b>9,869,442,654</b>	<b>1,275,202,496</b>	<b>41,600,571</b>	<b>11,858,257,923</b>
Balance as at 01st January 2023	672,012,202	9,869,442,654	1,275,202,496	41,600,571	11,858,257,923
Promotion and Marketing Levy (Note - O)	-	213,600,964.06	-	-	213,600,964
Adjustments	-	(33,002,383)	33,775,389	(7,541,983)	(6,768,978)
Acturial Gain	-	-	0.00	(10,674,728)	(10,674,728)
Surplus for the year 2023	-	-	-	194,872,796	194,872,796
<b>Balance as at 31<sup>st</sup> December 2023</b>	<b>672,012,202</b>	<b>10,050,041,235</b>	<b>1,308,977,885</b>	<b>218,256,656</b>	<b>12,249,287,978</b>

The accounting policies on pages 67 to 78 and Notes on pages 79 to 86 form an integral part of these Financial Statements.

**STATEMENT OF CASH FLOW**Year ended 31<sup>st</sup> December 2023

<b>Cash Flows From Operating Activities</b>	<b>2023 (Rs.)</b>	<b>2022 (Rs.)</b>
<b>Net Profit from Operations</b>	<b>194,872,796</b>	<b>222,538,495</b>
Adjustments for		
Depreciation of PPE	42,901,487	42,208,606
Profit or Loss disposal of PPE	(1,552,459)	1,380,288
Amortisation of Intangible Assets	2,385,811	2,193,170
Amortisation of Lease hold lands	76,385	76,385
Fixed asset Adjustments	1,611,300	(691,683,083)
Actuarial Gain	(10,674,728)	24,704,215
Revaluation Reserve	33,775,389	737,979,015
Gratuity Adjustment	7,212,000	(12,348,938)
Finance Expenses	247,508	174,594
Finance Income	(112,610,616)	(75,129,356)
Adjustments	(6,995,828)	(18,808,633)
	(43,623,751)	10,746,263
<b>Operating Profit before Working Capital Changes</b>	<b>151,249,045</b>	<b>233,284,758</b>
Decrease /( Increase ) in Inventories	(30,064,960)	(1,880,352)
Decrease /( Increase ) in Trade and Other Receivables	(86,624,971)	(342,944,171)
Decrease/( Increase ) in Deposit & Prepayment	5,315,740	(29,057,348)
Decrease /( Increase ) in Trade & Other Payables	3,172,261,704	599,114,962
Decrease /( Increase ) Income Tax Payables	(11,741,747)	128,068,355
Loan to RPC'S	280,608,639	189,268,108
	3,329,754,404.25	542,569,554
<b>Cash Generated from Operations</b>	<b>3,481,003,449</b>	<b>775,854,312</b>
Gratuity Paid	(17,763,813)	(2,295,785)
Net Expense for Promotional Activities	213,600,964	391,720,699
<b>Net Cash From Operating Activities</b>	<b>195,837,151</b>	<b>389,424,914</b>
<b>Cash Flows ( used in ) Operating Activities</b>	<b>3,676,840,601</b>	<b>1,165,279,226</b>
<b>Cash Flows ( used in ) Investing Activities</b>		
Cash received from sale of PPE	-	195,532
Finance Income	112,610,616	75,129,356
Acquisition Intangible Assets	-	(6,735,492)
Acquisition of Property Plant & Equipment	(37,904,542)	(58,074,586)
Investments including P& M Levy	(3,759,758,116)	(1,128,609,119)
<b>Net Cash Flows used in Investing Activities</b>	<b>(3,685,052,042)</b>	<b>(1,118,094,308)</b>
<b>Cash Flows Used in Financing Activities</b>		
Finance Expenses	(247,508)	(174,594)
Bank Loan	(166,666,666)	166,666,666
<b>Net Cash Flows / ( Used in ) Financing Activities</b>	<b>(166,914,173.94)</b>	<b>166,492,072</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(175,125,615)</b>	<b>213,676,990</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>387,851,905</b>	<b>174,174,915</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>212,726,289</b>	<b>387,851,905</b>

The accounting policies on pages 67 to 78 and Notes on pages 79 to 86 form an integral part of these Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31<sup>st</sup> December 2023

### 1. CORPORATE INFORMATION

#### General

The Sri Lanka Tea Board (SLTB) was established on the 1st of January 1976, under the Sri Lanka Tea Board Law No.14 of 1975, as amended by Act No. 17 of 1985, No. 44 of 1990, No. 29 of 2003 and No. 44 of 2006. The Head office is located at No. 574, Galle Road, Colombo 3. SLTB prepares financial Statements for the twelve months period ended 31st December 2023 and these financial statements are authorized by the board of directors on 27<sup>th</sup> February 2024.

#### Principal Activities

The objectives of the Sri Lanka Tea Board are Regulation Development of the tea industry in Sri Lanka and Promotion of Sri Lanka Tea (Ceylon Tea) globally. It is the authority responsible for regulating the activities of the tea industry, viz. production, cultivating new area and replanting, rehabilitating old gardens, the establishment of factories and their operation. It also regulates the conduction of the auctions, monitors quality standards and regulates the sales, exports, brokers, warehousing and shipping of tea. SLTB also regulates controls and directs all institutions and organizations engaged in the management of tea estates, the production and marketing of tea.

### 2. BASIS OF PREPARATION

#### 2.1. Basis of preparation and adoption of SLAS (SLFRS and LKAS) effective for the financial period beginning on or after 01 January 2012.

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS as issued by the Institute of Chartered Accountants of Sri Lanka.

#### 2.2. Basis of Measurement

The financial statements have been prepared on a historical cost basis and presented in Sri Lankan Rupees which is the functional currency of Sri Lanka Tea Board. All financial information presented in Sri Lankan Rupees has been given to nearest rupee unless stated otherwise.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1. Significant Accounting Policies

The following are the significant accounting policies used by SLTB in preparing these financial statements.

#### 3.2. Property Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the Property, Plant and Equipment. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the SLTB derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognised in the income statement as incurred.

#### 3.3. Depreciation

Depreciation is calculated on straight line method on the cost or valuation based on estimated useful lives of property Plant and equipment are as follows.

Freehold Buildings	50 years
Office Equipments	02 - 20 years
Furniture & Fittings	01 - 20 years
Motor Vehicles	10 years
Computer Equipment	05 years
Library Books	05 years
Laboratory Equipments	03 - 10 years
Computer Software	01 - 10 years

#### 3.4. Useful lifetime of the Property , Plant and Equipment

The Sri Lanka Tea Board reviews the useful lives and method of depreciations of Assets at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods they are subject to uncertainty.

#### 3.5. Revaluation

Land and Building Revaluation of Land and Building were assigned to Department of Valuations to revalue the Land and Buildings of Head Office, Gampola, Nuwara Eliya, Rathnapura and Baduraliya. Regional Offices and Revaluation reports of Nuwara Eliya and Bandarawela were received in 2022. Valuation report of Rathnapura not received yet.

#### Laboratory Equipment

Revaluation of laboratory equipment conducted by internal approved Committee.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31<sup>st</sup> December 2023

### Other Assets

Revaluation of the other Assets including Regional Offices were not done in the period under review.

### 3.6.Capital work in progress

Capital expenses incurred during the year, which are not capitalized as at the balance sheet date are shown as Capital work in progress, whilst the capital assets which have been capitalized during the year and put to use have been transferred to Property Plant & Equipment.

### 3.7.Leasehold Land

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Estimated useful lives of

Lease assets are as follows.

Leasehold Land 50 years

### 3.8.Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred. Estimated useful lives of intangible assets are as follows.

Intangible Assets	Expected useful life
Licence for SOL Server standard 2012	2 years
Hsenid Software System	5 years
Finpac Software	6 years
Software Package for B 60 Subsidy	4 years
Hsenid Software-Producing MSL/Co:	4 years
Factory Moder :/Replanting Software	4 years
Jumla version Website	years
Finpac module integration	6 years
FINPAC Fixed Assets Module	10 years
HSenid - TI Module Software	3 years
DMS- Tea Land Registration Software	3 years
Hsenid HR System	
DMS - Tea land Data Management	10 years
System	5 years
Hsenid Payroll module	5 years
POS Inventory Control System	10 years

### 3.9 .Income Tax

Current income tax assets and liabilities for the current prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. (Department of Inland Revenue)

The tax rates and tax Laws used to compare the amount are those that are enacted or substantively enacted at the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

### 3.10.Inventories

Inventories are recognized at cost and net realizable value whichever is lower after making due adjustments for obsolete and slow moving items which are valued at 'First In First Out' basis.

### 3.11 .Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank, other short-term highly liquid investments.

## 4. INCOME STATEMENT

For the purpose of presentation of the Income Statement, the function of expenses method is adopted as it represents fairly the elements of Board performance

### Government Grants

A government grant under the recurrent vote is used for the payment of salaries to employees.

### 4.1.Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the SLTB and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment.

The following specific recognition criteria must also be met before revenue is recognised:

#### Sale of goods

Revenue will be recognised upon satisfaction of performance obligation. Sri Lanka Tea Board expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of goods.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31<sup>st</sup> December 2023

### Rendering of services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

Other income is recognised on an accrual basis.

### Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

### 4.2 .Expenses

All expenditures incurred in the running of the business have been charged to income in arriving at the surplus for the year. Repairs and renewals are charged to Income and Expenditure in the year in which the expenditure is incurred.

Sri Lanka Tea Board has maintaining two overseas offices. All the expenses other than salaries of the two officers attached to the said units have been accounted under Promotional & Marketing levy as maintenance Expenditure of each units (Moscow & China).

## 5. LIABILITIES AND PROVISIONS

### 5.1 .Retirement Benefit Obligations

#### 5.1.1 .Defined benefit plan – Retirement Gratuity

SLTB is liable to pay Gratuity in terms of the Payment of Gratuity Act No.12 of 1983. The liability for gratuity to an employee arises only on completion of five years of continued service with SLTB. A defined benefit plan is a post- employment benefit plan other than a defined contribution plan. The liability recognized in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will

be paid, and that have terms to maturity approximating to the terms of related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through other comprehensive income. Past

service costs are recognised immediately in statement of profit or loss.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 , Employee Benefits. However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is externally funded in Bank of Ceylon.

The principal assumptions used in the calculations are as follows.

Expected Annual average salary - 1.01% to 1.03%  
Increment rate

Interest rate / discount rate - 12.93%  
Staff turnover factor - 9.92 %

Accordingly the present value of the Defined benefit obligation (PVD BO) as at 31st December 2023 with respect employees in service based on the assumptions and methodology explained amounting to Rs.43,822,236.00

#### 5.1.2. Defined Contribution Plans- Employee Provident Fund & Employee Trust Fund

SLTB contributes to Employees' Provident Fund contribution and Employees' Trust Fund contribution is covered by relevant contribution funds in line with respective regulation. Obligations for contributions to the plans covering the employees are recognized as an expense in the income statement.

#### Employees' Provident Fund

SLTB and Employees contribute to provident fund at 15% and 10% respectively on gross salary.

#### Employees' Trust Fund

SLTB contributes 3% on gross salary to the Employees' Trust Fund.

**NOTES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023**6. DESCRIPTION OF PENDING COURT CASES AS AT 31.12.2023**

	Case No.	Court	Parties	Cause of Action	Present Status
1.	30430 M	District Court, Ratnapura	S.M.S.Pushpakumara -Plaintiff Sri Lanka Tea Board & two others - Defendants	Claim Rs. 756,077.35 as the payment for green leaf supplied by the Plaintiff to the Tea Factory operated by the 2 <sup>nd</sup> Defendant, legal interest and cost of litigation	Pending
2.	DSP 380/2023	District Court, Colombo	G.A.H.Jayanga- Plaintiff Sri Lanka Tea Board-Defendant	Interim order quashing the implementation of the Board decision in P22 An order refraining the termination of the service of the Plaintiff An order declaring that the Plaintiff has fulfilled the requested qualifications at the recruitment. Cost of litigation	Pending
3.	HC/ARB/ 725/2022	Commercial High Court	K.T.E.N. Subasena Petitioner Sri Lanka Tea Board - Defendants	Execute the Arbitration Award dated 04.10.2021 (Award : <b>Rs. 485,232.00 x prevailing lending rate of the central bank to the commercial banks + 1%</b> ) [from 11.11.2016 - to date of payment] - 383,200.00	Pending
4.	CA (Writ) 196/2020	Court of Appeal	N.M.M. Brothers (Pvt) Ltd. - Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order suspending -the operation of suspension/ cancellation of registration of Dehiwatte Tea Factory -suspending the operation of P2 & P4 (suspension letters) -preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of Dehiwatte Tea Factory & quashing documents P2 & P4 Writ of Prohibition prohibiting the Respondents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Dehiwatta Tea Factory, Cost	Pending

5.	CA (Writ) 197/2020	Court of Appeal	Elbrahim Sithy Ri- daya & 4 others - Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Com- missioner- Respondents	Interim order suspending - -the operation of suspension/ cancellation of registration of <b>Rosyth Tea Factory</b> -suspending the operation of P2 & P3 (suspension letters) - -preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of Rosyth Tea Factory & documents P2 & P3 Writ of Prohibition prohibiting the Respon- dents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Rosyth Tea Factory, Cost	Pending
6.	CA (Writ) 198/2020	Court of Appeal	G. Savarimuthu Retty & sons (pvt) Ltd. - Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Com- missioner- Respondents	Interim order suspending the operation of -suspension/ cancellation of registration of <b>Uplands Tea Factory</b> -suspending the operation of P2 & P3(sus- pension letters) -preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of Uplands Tea Factory & documents P2 & P3 Writ of Prohibition prohibiting the Respon- dents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Uplands Tea Factory, Cost	Pending
7.	CA (Writ) 199/2020	Court of Appeal	Gatagahewala Plan- tation (pvt) Ltd. - Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Com- missioner- Respondents	Interim order suspending -the operation of suspension/ cancellation of registration of <b>Gatagahewala Tea Facto- ry</b> & the operation of P2 & P3(suspension letters) -preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of Gatagahewala Tea Factory & documents P2 & P3 Writ of Prohibition prohibiting the placing of restrictions on Licensed Tea Brokers per- taining to the purchase of made tea from Gatagahewala Tea Factory, Grant Cost	Pending

8.	CA (Writ) 200/2020	Court of Appeal	H.M. Rumesh Rangana - Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order -suspending the operation of suspension/ cancellation of registration of <b>New Fern- land Tea Factory</b> & the operation of P2 & P3 (suspension letters) -preventing tea brokers from purchasing made tea from the Petitioner Writ of Certiorari quashing the cancellation/ suspension of registration of New Fernland Tea Factory Writ of Certiorari quashing documents P2 & P3 Writ of Prohibition prohibiting the restric- tions on Licensed Tea Brokers pertaining to the purchase of made tea from New Fern- land Tea Factory, Cost	Pending
9.	CA (Writ) 337/2020	Court of Appeal	Maskeliya Plantations PLC - Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Com- missioner- Respondents	Interim order -staying the operation of documents marked P8 (Cancellation of registration of Craig Tea Factory) & P5 (Letter on Monitoring of Sales of <b>Craig Tea Factory</b> ) -Preventing Respondents from preventing tea brokers from purchasing tea from Craig Estates/ sale of tea Writ of Certiorari quashing the cancellation/ suspension of registration of Craig Tea Fac- tory Writ of Certiorari quashing documents P8, P5 & P6 Writ of Prohibition prohibiting the restric- tions on Licensed Tea Brokers pertaining to the purchase of made tea from Craig Tea Factory, Cost	Pending
10.	CA (Writ) 415/21	Court of Appeal	Tea Factory Owners Association - Petitioner Sri Lanka Tea Board, & two others - Respondents	Writ of Certiorari quashing documents P3 (Circular Payment on Reasonable Price for Green Tea Leaf Purchased by a Tea Factory issued on 29.06.2021) Writ of Prohibition prohibiting to take ac- tion on document marked P3 Interim order suspending P3 Cost	Pending
11.	CA (Writ) 304/21	Court of Appeal	Rado Lanka (Pvt) Ltd - Petitioner Sri Lanka Tea Board & seven others - Respondents	Writ of Certiorari quashing documents P 24 (Circular No. TC-CIR (204)/01/2021 dat- ed 21.01.2021) Grant compensation/ damages Rs. 100,000,000/- Grant Cost.	Pending

12.	CA (Writ) 613/21	Court of Appeal	W.D.L. Wijesinghe, No. 162, Neboda Road, Mathugama Petitioner Sri Lanka Tea Board & seventeen others - Respondents	Writ of Certiorari quashing documents marked P16 (Disciplinary Inquiry Report dated 20.01.2021) & P17 (Disciplinary In- quiry Order dated 06.08.2021) Writ of Mandamus to reinstate the Peti- tioner to the Post of Procurement Officer (Grade II) Grant Cost	Pending
13.	CA(Writ) 272/23	Court of Appeal	B.V. Jayawardhana - Petitioner Sri Lanka Tea Board & seven others - Respondents	Writ of Certiorari quashing docu- ments marked P29 (Letter releasing Rs. 80,580,427.77 to 6 <sup>th</sup> , 7 <sup>th</sup> and 8 <sup>th</sup> Respon- dents) Writ of Mandamus to the Tea Commission- er to file interpleader action and deposit Rs. 80,580,427.77 in DC Ratnapura. Grant Cost	Pending
14.	CA (Writ) 679/23	Court of Appeal	Kotmale Enterprises (Pvt) Ltd. & other - Petitioners Sri Lanka Tea Board & six others - Respondents	Issue an interim order and Writ of certiora- ri suspending the decision to suspend the registration of Kubal Oluva Tea Factory Grant Cost Sri Lanka Tea Board & six others - Respondents	Pending
15.	SC FR 333/18	Supreme Court	K.B.P.S. Lakshman - Petitioner Sri Lanka Tea Board - Respondent	Quash the appointments of 21 <sup>st</sup> - 24 <sup>th</sup> Respondents Promote the Petitioner to the ATC position Compensation of Rs. 1.5 Million, Cost	Pending
16.	SC/SPL/LA 207/21	Supreme Court	Mathurata Plantation Ltd - Respondent Peti- tioner Rado Lanka (pvt) Ltd. & 7 others - Petitioner Respondent	Grant Special Leave to appeal against the document marked Z (Case No. CA(writ) 304/21), Dismiss the Application filed by Petition- er Respondents under case No. CA(writ) 304/21, Vacate interim order issued against the Respondent Petitioner under case No CA(Writ) 304/21, Grant Cost	Pending
17.	SC(HC)LA 90/2022	Supreme Court	Y.M.A.K. Bandara - Applicant Appellant Petitioner Sri Lanka Tea Board - Respondent Respondent Respondent	Set aside the Judgment of the Labour Tri- bunal dated 27.02.2020 (Refusing to :- Reinstate in the District Project Assistant position with back wages and other bene- fits, Alternatively grant a reasonable sum as compensation, Cost) Set aside the Judgment of the High Court dated 09.08.2022 Grant Leave to Appeal	Pending

18.	SC(SPL)LA 292/2022	Supreme Court	Sri Lanka Tea Board & 3 others – Petitioner Respondent Kurugama Tea Factory (Pvt) Ltd – Respondent Petitioner	Set aside the Judgment of the Court of Appeal dated 26.09.2022 Grant Leave to Appeal	Pending
19.	SC(SPL) LA 141/2023	Supreme Court	Samrin Holding (Pvt) Ltd. – Petitioner Sri Lanka Tea Board & 3 others – Respondent Respondent	Set aside the Judgment of the Court of Appeal case No. CA (Writ) 364/2020 dated 10.05.2023 Grant Leave to Appeal Grant interim order - suspending the operation of P7 & P8 (Letters on suspension of registration of Samrin Tea Factory) - preventing issuing directions to tea brokers from withdrawing tea from tea Auction and sale of tea Writ of Certiorari quashing documents P7 & P8 Writ of Prohibition prohibiting the restrictions on Licensed Tea Brokers pertaining to the purchase/ sale of made tea from Samrin Tea Factory, Cost	Pending

## 7. Related Party Transactions

### Transactions with State and State Controlled Entities

In the normal course of its operations, SLTB enters into transactions with related parties. Related parties include the Government of Sri Lanka (State as the ultimate owner of SLTB), various government departments, and State controlled entities. Particulars of transaction and arrangements entered into by SLTB with the State and State controlled entities which are individually significant and for other transactions that are collectively, but not individually significant are as follows.

#### 7.1 Fixed Assets purchased for Tea House (Tea Moment) were temporary transferred to Sri Lanka Cashew Corporation on return basis in 2022 and University of Peradeniya during the year under revalue.

#### 7.2 National Institute of Plantation Management.

Sri Lanka Tea Board granted an interest free loan to the National Institute of Plantation Management for the purpose of constructing a new building in the premises own by the NIPM.

Loan Amount	Rs. 35 Mn.
Loan Period	- 18th October 2023 to 17th October 2029
Grace Period	- 18th October 2023 to 17th November 2024

#### 7.3 Tea Small holders Association

Direct Planting Subsidy through TSHDA Rs. 150Mn.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31<sup>st</sup> December 2023

### 7.4 General Treasury

#### 7.4.1 Loan to General Treasury – Consolidated Fund

As approved by the Honorable Minister of Finance & Mas media in terms of the Section 11 of the Finance Act no 38 of 1971, to transfer surplus of Rs 1000 Mn to the Consolidated funds in 2019 enable its refund it based on the request by SLTB When it is necessary.

#### 7.4.2 Contribution to the consolidated fund

Rs. 1000 Mn. Contributed to the consolidated fund (General Treasury) interest income earned from Promotion & Marketing Levy investments during the year 2023.

### 7.5 Working capital loan Scheme to Re-energize Tea Factories - Rs. 500Mn.

Sri Lanka Tea Board has decided to grant loans to Tea factories through Central Bank who are facing working Capital difficulties.

	Rs.Mn.
Total funds transferred to Central Bank	500
Registration by CBSL as at 31.12.2023	(234)
Undisbursed loan balance transferred to SLT (1-2)	266
Recovery of Refinance upto 31.12.2023	233.25
Funds transferred to SLTB	499.25

Rs. 0.75 Mn. Outstanding as at 31st December 2023 from Supply chain Re Energizing Loan Scheme (SCREL)

### 7.6 Subsidy Scheme for establishment of standardized Tea Nurseries

Sri Lanka Tea Board has decided to introduce Subsidy Scheme for the establishment of standardizing Tea nurseries with sprinkler irrigations for the corporate sector and Private Sector Estates more than 10 Acres. Fund allocations were made utilizing Promotion and Marketing Levy.

2022 – Rs. 750,000/-

2023 – Rs. 5,400,000/-

### 7.7 Temporary loan given to Janatha Estate Development Board

Rs.34 Mn. Temporary loan was granted to JEDB for to meet their working Capital difficulties. Decision was made to recover this loan with the interest no recoveries during the year 2023. Additionally Sri Lanka Tea Board has given Rs. 34 Million Temporary loan to JEDB.

### 7.8 Solar Power Subsidy/Scheme

Sri Lanka Tea Board decided to assist by granting interest subsidy for the loans obtained by the factory owners to install "Roof Top Solar Power" System for generation of electricity to the factories.

Rs. 14.076 Mn. paid for solar power Subsidy Scheme for 34 factories during the year 2023.

Sri Lanka Tea Board has entered into agreement with the Tea Broker Companies to distribution of fertilizer through Tea Factory under the Soft loan Scheme.

### 8. Key Management personal

SLTB key management personnel include the Board of Directors.

Mr. Niraj De Mel, Chairman Sri Lanka Tea Board is serving as the Chairman of the Tea Museum.

### 9. Promotion & Marketing Levy

Sri Lanka Tea Board collected Rs. 3.50 on every KG of tea Shall be levied from every registered exporter of tea at the time at which CUSDEC is authorized according to the Gazette No. 1677/14 of 27<sup>th</sup> Oct. 2010 and subsequently it has been reduced to Rs. 3/- with Gazette No. 2258/15 dated 14<sup>th</sup> December 2021 and it was on operation up to 05<sup>th</sup> August 2023.

The Collection Promotion & Marketing levy Rs. 425,572,692/- for the period 1<sup>st</sup> January 2023 to 05<sup>th</sup> August 2023 and Rs.212,786,346/- transferred during the year for Development Activities.

### 10. Permit Fee

A permit fee of Rs. 3/- on every Kilogram of made tea paid by every registered exporter of tea at the time of which the Custom Goods Declaration is approved by the Tea Commissioner with effect from 05<sup>th</sup> August 2023 according to the extraordinary Gazette 2343/63 dated 05<sup>th</sup> August 2023 and the permit fee collection for the period 05<sup>th</sup> August 2023 to 31<sup>st</sup> December 2023 was Rs.308,967,366/- and from that Rs.154,483,683/- transferred for the Promotion activities.

**NOTES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023**11. Additional Disclosures**

Sri Lanka Tea Board has entered into Rent agreements for obtaining premises for commercial and other operations. Lease hold premises

Regional Office/ TI Office	Region	Building Owner/ Payee	Agreement Date	Monthly Rental
Mathugama	Baduraliya	S. Nanayakkara	2023.03.01 - 2025.02.28	Rs.15,000.00
Ingiriya		B.A. Seetha	2024.01.01 - 2025.12.31	Rs.15,000.00
Elpitiya		M.H. Nandawathi	2023.04.01 - 2025.03.31	Rs.15,000.00
Hali Ela	Bandarawela	V.M.N.R. Kumaradasa	2022.05.01 - 2024.04.30	Rs.15,000.00
Passara		H.M. Wijesuriya	2022.08.01 - 2024.07.31	Rs.15,000.00
Welimada		M.M. Ranasinghe	2023.01.15 - 2025.01.14	Rs.15,000.00
Gampola		G.U. Wijesinghe	2022.08.01 - 2024.07.31	Rs.15,000.00
Udunuwara	Gampola	K.D.S.K.Senadeera	2022.08.08 - 2024.08.07	Rs.15,000.00
Mathale		R.P. Karunasekara	2022.04.23 - 2024.04.22	Rs.15,000.00
Nawalapitiya		M.V.B.V. Gunasekara	2023.01.08 - 2025.01.07	Rs.15,000.00
Yakkalamulla	Galle	N.G. Jayathilaka	2022.01.01 - 2023.12.31	Rs.15,000.00
Galle		I.S. Weedagama Arachchi	2022.06.20 - 2024.06.19	Rs.15,000.00
Hiniduma		W K Dimuthu Sachith	2022.01.01 - 2023.12.31	Rs.15,000.00
Nagoda		W. Lal Jayantha	2023.01.03 - 2025.01.02	Rs.15,000.00
Baddegama		U.L. Kanthi Sriya	2023.08.01 - 2024.07.31	Rs.15,000.00
Deniyaya	Mathara	Y.G.O. Jayantha	2022.03.15 - 2024.03.14	Rs.15,000.00
Morawaka		S.P.K.Dahanayaka	2022.10.01 - 2024.09.30	Rs.15,000.00
Akuressa		P.Nalini Priyanka	2022.11.01 - 2024.10.31	Rs.15,000.00
Kotapola		B.G. Sanka Madurasath	2023.07.01 - 2025.06.30	Rs.15,000.00

Thalawakele	Nuwara Eliya	W.V. Dhanapala	2022.08.13 - 2024.08.12	Rs.15,000.00
Kothmale		D.M.P.G.P.A.K. Dasanayaka	2023.05.01 - 2025.04.30	Rs.15,000.00
Noorwood		L.M. Pathmanathan	2023.08.01 - 2025.07.31	Rs.15,000.00
Pelmadulla	Rathnapura	M.S.R. Saman Kumara	2022.12.01 - 2024.11.30	Rs.15,000.00
Rakwana		H.M.P. Kumudu Kumari	2023.05.16 - 2025.05.15	Rs.15,000.00
Balangoda		H.K.H. Sri Priyal	2023.06.01 - 2025.05.31	Rs.7,500.00
Rathnapura		Y. Sumana Kanthi	2023.04.01 - 2025.03.31	Rs.15,000.00
Karawanella		K.D. Ajith Kumara	2022.03.01 - 2024.02.29	Rs.15,000.00
New house - 570/1 , Galle Road, Colombo 03. Mr. Harsha Wijeweera		2021.02.01 - 2023/01/31		100,000.00
Trico Logistic Pvt Ltd.		2022.11.25 - 2023.11.25		55,000.00
Mr. G.J.Amaratunga Matara Regional Office		2023.01.01 - 2024.12.31		100,000.00
Mrs. Rosanthi De Silva Galle Regional Office		2022.03.11 - 2023.03.10		135,000.00

## 12. Tea For Oil Arrangement

The Ministry of Plantation Industries of Sri Lanka and the Ministry of Industries, Mines and Trade of Iran formulate a Scheme for settlement of a sum of US\$ 250,925,169 outstanding from Ceylon Petroleum Corporation to Iranian Government by means of utilizing the said sum to facilitate the export of Ceylon Tea to Iran an approved by the Cabinet Minister at its Meeting held on 21<sup>st</sup> Dec 2020.

Accordingly Ceylon Petroleum Corporation and Sri Lanka Tea Board enter into an agreement to formulate a Scheme for the above given fact.

The Scheme came into force on 01<sup>st</sup> August 2023 and until then Ceylon Petroleum Corporation transferred funds equivalent to USD 20,000,000 to SLTB at the exchange rate prevailing at the date of transaction. The total amount received to pay for registered tea exporters is Rs. 6,402,111,500/-

The approved tea quota by Iran Government under this Scheme for the period 01<sup>st</sup> August 2023 to 31<sup>st</sup> December 2023.

**NOTES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

Exporter	Quantity (Tons)
1. Akbar Brothers (Pvt) Ltd	1918.8
2. Anverally & Sons (Pvt) Ltd	367.2
3. Ceylon Tea Marketing (Pvt) Ltd	151.2
4. George Stuart (Pvt) Ltd.	453.6
5. Heritage Teas (Pvt) Ltd.	100.0
6. J-Cey Tea (Pvt) Ltd.	60.0
7. Sunshine Tea (Pvt) Ltd.	190.0
8. Unin Commodities	103.2
9. Uniworld Teas Pvt Ltd.	186.0
10. Vanrees Ceylon Ltd.	108.0

All the transaction need to be audited by the M/S. Ernest & Young Consulting Services (Pvt) Ltd. prior release funds to the Tea Exporters companies.

Sri Lanka Tea Board considered the spot rate on the date Ceylon Petroleum Corporation fund transfer to Sri Lanka Tea Board to settle the payments for tea exporters under this Scheme.

	Rs.(Mn)
Funds Received from Ceylon Petroleum Corporation	6,402,111,500.00
Funds released to the exporters upto 31.12.2023	2,669,949,480.17
Prov:for autit fees to the E & Y Consulting Services (Pvt)Ltd	132,926.20
Amount to be released to the exporters as at 31.12.2023	3,732,026,203.93

Receipts in Advance from CPC

**Outstanding Payments for Tea Exporters under tea for oil arrangement as at 31/12/2023**

	Rs.
Akbar Brothers (Pvt) Ltd	1,650,674,844.03
Anverally & Sons (Pvt) Ltd	30,859,948.87
Ceylon tea marketing (Pvt) Ltd	290,914,853.65
George Steuart Tea	550,133,141.39
Heritage Teas (Pvt) Ltd	17,216,406.95
Sunshine Tea (Pvt) Ltd	246,438,622.03
Union Commodities (Pvt) Ltd	185,010,012.15
Uniworld Teas (Pvt) Ltd	602,503,606.03
Van Rees Ceylon (Pvt) Ltd	78,730,268.22
Utilized allocation for exporters	79,544,900.61
	3,732,026,203.93

**13.Short Term Loan – BOC**

Sri Lanka Tea Board obtained Short Term Loan from Bank of Ceylon during the year 2022 and fully settled in the year 2023.

Loan details	Loan 01	Loan 02	Loan 03
Amount ( Rs.)	2,000,000	10,00,000,000	500,000,000
Term	03Months	03 Months	03 Months
Interest rate	23.84	23.84	24.84
Mortgage	FixedDeposit- 89419144	Amounting Rs. 2,500,000/-	

The amount to be utilized for distribution of fertilizer through Tea Factory under Soft Loan Scheme. The final installment of Rs. 166,666,666.67 settled on 26th January 2023.

**14. Capital commitment and contingencies**

Capital commitments and contingent liabilities of the Sri Lanka Tea Board have been disclosed in the respective notes to the Financial Statements.

**14.1.**The contract awarded before the ending of the inancial year 2023 Which doesn't have physical commitment as of the balance sheet date worth Rs.39.78Mn.

**14.2.**Under the brand promotion projects submitted by the brands for the year 2021/2022 amounting to USD 2,171,373 and the contribution of 50% from this to be born by the Sri Lanka tea board on the actual basis.

Total budget contribution of Sri Lanka tea board is USD 1,085,687

**15. Events Occurring After the Balance Sheet Date**

All material events after the Statements of Financial position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

		2023 (Rs.)	2022 (Rs.)
<b>A. Income</b>			
Grant from Treasury - Recurrent		180,000,000	164,175,000
P& M Levy (01 st Jan to 4th August)		212,786,346	-
Permit Fees (5th Aug: to 31st Dece:)		154,483,798	-
Grants from Ministry of Plantation -ISSS		-	24,500,000
Interest transferred from P & M Levy		150,000,000	409,228,000
Income from laboratory	Note 1	31,589,500	19,802,796
Registration and Renewal Income	Note 2	256,474,785	159,546,286
Net Profit from Commercial Activities	Note 3	21,812,366	10,200,165
Nuwaraeliya Sales Counter & Circuit Bunglow	Note 4	1,867,305	1,013,954
Other Income	Note 5	11,927,460	8,656,261
		<b>1,020,941,560</b>	<b>797,122,462</b>

<b>B. Tea Sector-Development Expenses</b>			
Direct Tea Planting Programme for TSHDA		150,000,000	-
Tea Factory Modernization Subsidy Scheme		16,984,932	19,762,438
Tea Replanting Subsidy Scheme		52,473,750	69,392,487
Subsidy Scheme For High Shades Tree		286,500	271,500
GMP -HACCP Certification		926,900	1,204,682
Model Tea Land Expenses		7,115,000	-
GMP-Moisture Meter Subsidy Scheme		3,076,875	16,556,563
B-Leaf 60 Programme		8,393,978	12,728,927
Subsidy Scheme For New Planting With Mechanization		13,112,100	-
Subsidy Scheme For Bio Fertilizer Project		1,900,000	-
Subsidy Scheme For Installation Of Solar Power System		14,076,271	-
Subsidy Scheme For Exporters Machinery Component		39,369,528	-
Subsidy For Nursery Development		14,650,000	-
Establishment of Standard Tea Nursury with Sprinkler system-TSHDA		7,576,891	-
Sprinkler System For Large & Medium Scale Growers -ISSS		5,198,800	24,500,000
Productivity Improvement Program		282,950	207,000
Dealer deposit Refund		20,000	35,000
		<b>335,444,475</b>	<b>144,658,597</b>

<b>C. Administration Expenses</b>			
Personnel Emoluments	Note 6.1	219,356,534	217,864,309
Other Administrative Expenses	Note 6.2	92,900,469	69,350,623
Travelling Expenses	Note 7	26,617,391	21,002,386
Supplies and Requisites	Note 8	21,664,531	20,210,677
Repairs and Maintenance	Note 9	46,582,637	44,461,508
Depreciation of PPE	Note F	42,901,487	40,637,405
Amortisation of Intangible Assets	Note H	2,385,811	2,193,170

		2023 (Rs.)	2022 (Rs.)
Amortisation of Leasehold Properties	Note G	76,385	76,385
Utilities and Other Expenses	Note 10	112,309,559	89,083,671
		<b>564,794,804</b>	<b>504,880,134</b>

#### D. Finance Income

Interest on Investments		112,610,616	75,129,356
		<b>112,610,616</b>	<b>75,129,356</b>

#### E. Financial Expenses

Bank charges		247,508	174,594
		<b>247,508</b>	<b>174,594</b>

#### F. Property, Plant And Equipment

##### F.1 Head Office & Regional Offices

	Cost Or Valuation As At 01-01-2023	Additions/TR Ansfers	Re-Value:	Disposals Transfers	Revalue Adjustments	Cost Or Valuation As At 31.12.2023
Free Hold Land	1,051,560,000	-	-	-	-	1,051,560,000.00
Buildings	398,725,138.64	-	161,229,400.00	-	157,075,539.75	402,878,998.89
Motor & Other Vehicles	38,895,983.00	42,629.00	-	-	-	38,938,612.00
Plant & Machinery	71,668,147.53	98,000.00	-	-	-	71,766,147.53
Office Equipment	28,671,006.77	253,967.50	-	7,800.00	-	28,917,174.27
Water Electricity & Telephone	1,802,445.00	-	-	-	-	1,802,445.00
Decoration & Display Items	1,026,606.96	-	-	-	-	1,026,606.96
Furniture & Fittings	41,675,617.27	301,051.49	-	50,850.00	-	41,925,818.76
Library Books	452,888.76	-	-	-	-	452,888.76
Computer - Hardware	48,529,358.72	981,750.00	-	-	-	49,511,108.72
Laboratry Equipments	142,331,587.51	32,199,078.80	70,438,924.59	-	105,044,732.85	139,924,858.05
	<b>1,825,338,780</b>	<b>33,876,476.79</b>	<b>231,668,324.59</b>	<b>58,650.00</b>	<b>262,120,272.60</b>	<b>1,828,704,658.94</b>

##### Work In Progress

Building & Other	4,658,072.71	4,028,064.99	-	1,512,458.75	-	7,173,678.95
	4,658,072.71	4,028,064.99	-	1,512,458.75	-	7,173,678.95
	<b>1,829,996,852.87</b>	<b>37,904,541.78</b>	<b>231,668,324.59</b>	<b>1,571,108.75</b>	<b>262,120,272.60</b>	<b>1,835,878,337.89</b>

**NOTES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

Provision For Depreciation	Accumulated Depepreciation As At 01.01.2023	Charge For The Year	Revalue Adjustment	Disposals	Adjustments	Accumulated Depepreciation As At 31.12.2023
Buildings	26,244,603.26	7,895,711.78	15,758,389.67	-	-	18,381,925.37
Motor & Other Vehicles	15,983.00	7,352,607.63	-	-	-	7,368,590.63
Plant & Machinery	32,573,419.79	6,129,806.16	-	-	-	38,703,225.94
Water Electricity & Telephone	1,472,918.24	22,559.47	-	-	-	1,495,477.71
Office Equipment	21,727,246.77	2,293,717.42	-	7,800.00	-	24,013,164.18
Decoration & Display Items	1,023,773.62	500.00	-	-	-	1,024,273.62
Furniture & Fittings	27,829,091.84	3,451,655.90	-	10,850.00	16,000.00	31,253,897.74
Library Books	447,675.43	4,420.17	-	-	-	452,095.60
Computer - Hardware	33,617,126.97	5,925,279.91	-	-	-	39,542,406.88
Laboratry Equipments	78,356,776.39	9,825,228.95	48,468,946.88	-	32,148,088.80	71,861,147.26
	<b>223,308,615.31</b>	<b>42,901,487.39</b>	<b>64,227,336.55</b>	<b>18,650.00</b>	<b>32,164,088.80</b>	<b>234,096,204.93</b>
<b>Net Book Value</b>	<b>1,606,688,237.56</b>					<b>1,601,782,132.96</b>

**NOTES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023**F2 Oversease Offices**

	Cost Or Valuation As At 01-01-2023	Additions	Revalue:	Disposals/ Transfers	Adjustments	Cost Or Valuation As At 31.12.2023
Motor & Other Vehicles	14,242,317.65			2,366,735.00		11,875,582.65
Office Equipment	1,874,090.17					1,874,090.17
Furniture & Fittings	822,786.02					822,786.02
Computer /Hardware	336,457.14					336,457.14
	<b>17,275,650.98</b>			<b>2,366,735.00</b>		<b>14,908,915.98</b>

	Accumulated Depepreciation As At 01.01.2022	Charge For The Year	Revalue	Disposals	Adjustments	Accumulated Depepreciation As At 31.12.2022
Motor & Other Vehicles	7,411,751.65	1,345,340.60		2,297,705.23		6,459,387.02
Office Equipment	1,790,363.40	31,054.49				1,821,417.89
Furniture & Fittings	634,267.60	47,015.97				681,283.57
Computer /Hardware	241,127.61	67,291.43				308,419.04
	<b>10,077,510.26</b>	<b>1,490,702.49</b>		<b>2,297,705.23</b>		<b>9,270,507.52</b>
Net Book Value	7,198,140.72					5,638,408.46
	1,613,886,378.28					1,607,420,541.42

**G. Lease Hold Property**

	Cost Or Valuation As At 01-01- 2023	Additions	Reval- ue:	Disposals/ Transfers	Adjust- ments	Cost Or Valuation As At 31.12.2023
Lease Hold Property - HO	3,819,280.00	-	-	-	-	3,819,280.00
	<b>3,819,280.00</b>					<b>3,819,280.00</b>

	Accumulated Amotisation As 01.01.2023	Amotisaion for the Year	Revalue :	Write Off	Adjustments	Accumulated Amotisation As 01.01.2023
Lease Hold Property - HO	1,391,942.79	76,385.00	-	-	-	1,468,327.79
	1,391,942.79	76,385.00	-	-	-	1,468,327.79
Net Book Value	2,427,337.21					2,350,952.21

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31st December 2023

<b>H.Intangible Assets</b>						
	Cost Or Valuation As At 01-01-2023	Additions	Revalue:	Disposals/ Transfers	Adjustments	Cost Or Valuation As At 31.12.2023
Computer Software- HO	29,907,478.11	2,019,734.88	-	-	-	31,927,212.99
Computer Software Work	18,169,898.90	-	-	-	-	18,169,898.90
	<b>48,077,377.01</b>	<b>2,019,734.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,097,111.89</b>
Provision For Depreciation	Accumulated Depepreciation As At 01.01.2023	Charge For The Year	Revalue Adjustment	Disposals	Adjustments	Accumulated Depepreciation As At 31.12.2023
Computer Software- HO	19,083,499.68	2,385,811.16	-	-	-	21,469,310.84
	19,083,499.68	2,385,811.16	-	-	-	21,469,310.84
Net book Value	28,993,877.33					28,627,801.05
				<b>2023 (Rs.)</b>		<b>2022 (Rs.)</b>
<b>I . Inventories</b>						
Laboratory Consumables	Note 11.1			15,938,448		11,797,799
Promotion Materials & Others	Note 11.2			20,499,745		9,097,496
Tea & Other Stocks	Note 11.3			27,011,150		11,847,221
Others	Note 11.4			1,110,594		1,752,461
				<b>64,559,937</b>		<b>34,494,977</b>
<b>J. Trade and Other Receivables</b>						
Receivables	Note 12			58,085,783		57,649,591
Embassy Account	Note 12.1			8,832,138		132,574
Tea Promotion unit-Current Accounts	Note 12.2			34,242,858		23,491,024
Staff Receivables & Other Advances	Note 13			139,994,022		73,256,639
				<b>241,154,801</b>		<b>154,529,828</b>
<b>K. Deposits &amp; Prepayments</b>						
Deposits & Prepayments	Note 14			54,352,528		59,668,267
				<b>54,352,528</b>		<b>59,668,267</b>
<b>L. Other Financial Assets</b>						
Investments	Note 15			13,640,954,803		9,881,196,687
				<b>13,640,954,803</b>		<b>9,881,196,687</b>

**NOTES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

<b>M. Loan Receivable</b>		<b>2023(Rs.)</b>	<b>2022(Rs.)</b>
General Treasury		1,000,000,000	1,000,000,000
Loan to Central Bank		750,000	46,625,000
Loan To NIPM		35,000,000	-
Fund facility Granted to Tea Brokers	Note 18	61,070,125	322,043,365
RPC Festival Loan		-	8,760,399
		<b>1,096,820,125</b>	<b>1,377,428,764</b>
<b>N. Cash in Hand and At Bank</b>			
<b>Cash in hand and at Bank</b>	<b>Note 16</b>	<b>213,989,748</b>	<b>388,067,757</b>
<b>O. Promotion &amp; Marketing Levy</b>			
Amount Collected From Exporters (January 2023 to 5th August 2023)		212,786,346	754,176,431
Permit Fees Transferred for promotion activities		154,483,683	-
Interest On Investment		1,628,518,470	1,405,561,017
Interest on Fertilizer loan		9,383,230	32,749,177
Difference In Exchange		-	8,946,889
Sale Of Promotional Items		22,900	2,400
		<b>2,005,194,629</b>	<b>2,201,435,914</b>
Complementary Tea Services & Tea Sampling Gift		912,178	2,473,058
Social Media		54,287	16,687,285
Local Promotion Campaign		9,797,812	1,310,764
Production Cost Of Communication Material (ATL/BTL)		4,884,419	1,575,990
Participation At International Trade Fairs & Exhibitions		191,329,550	104,201,553
Foreign Travelling		1,631,846	30,619
Overseas Travelling Trade Fair		6,038,562	7,701,220
Events		13,144,208	2,602,934
Intellectual Property Matters		8,879,831	12,007,134
Maintenance Of Overseas Offices		40,465,758	48,561,062
Generic Promotion		7,905,811	7,996,750
CSR Project For Plantation Worker Community		-	1,018,378
Market Research & Other Marketing Support Services		9,020,222	4,039,664
Bank Charges		39,190	36,421
Grants To Tea Museum		3,000,000	3,000,000
Difference In Exchange		7,287,163	-
Promotional Entertainment (Foreign Delegations/Events)		1,206,984	200,592
Complementary Teas To Mission Overseas		4,539,233	1,585,332
Through The Line Advertising		7,161,978	69,061,525
Country Promotion Campaign		6,000,000	500,000
Visits of Foreign Delegations		77,140	118,440
Programme With Embassies		6,344,043	247,690
Regaining of Loss Markets		-	4,384,210
Incentive Scheme for Value added Tea Exporters		-	571,715,266

	2023 (Rs.)	2022 (Rs.)
Contingencies	5,482,000	-
Annual Estate Tea Of The Year	1,018,000	-
Public Relations Campaigns	559,892	-
Contribution for Consolidated Funds	1,000,000,000	-
Interest Expense On Fertilizer Loan -Bank	3,263,677	-
Interest Expenses - BOC	-	133,352,253
Subsidy Scheme For New Planting With Mechanization		-
Subsidy Scheme For Bio Fertilizer Project		-
Subsidy Scheme For Installation Of Solar Power System		20,997,759
Subsidy Scheme For Exporters Machinery Component		33,885,388
Subsidy For Tea Nursery Development		750,000
Establishment of Standard Tea Nursery with Sprinkler system-TSHDA		15,272,950
<b>Total Expenditure</b>	<b>1,340,043,782</b>	<b>1,065,314,237</b>
Tax Paid On Interest Income	(451,549,882)	(335,172,977)
Interest Transferred To Head Office	-	(409,228,000)
	<b>213,600,964</b>	<b>391,720,699</b>

#### P. Employee Benefit Obligations

PV-DBO as at 1-1-2023	43,699,322	58,344,044
Current Service Cost	2,549,075	1,853,350
Interest Cost	4,662,925	10,501,928
Actuarial (Gain)/Loss on PV - DBO	10,674,728	(24,704,215)
Payment during the year	(17,763,813)	(2,295,785)
PV-DBO as at 31-12-2023	43,822,237	43,699,322

#### Q. Income Tax Payable

	SLTB	P & M LEVY	TOTAL
Balance as at 01-01-2023	7,256,854	156,019,820	163,276,675
Provision for the Year	36,290,156	419,583,742	455,873,898
Underprovision 2022	1,814,213	39,004,955	40,819,168
LESS:Tax Payments	(42,482,449)	(442,468,871)	(484,951,320)
	2,878,775	172,139,646	175,018,421

#### R. Trade And Other Payable

		2023 (Rs.)	2022 (Rs.)
Trade Payables	Note 17.1	6,309,262	7,656,271
Other Payables	Note 17.2	370,153,512	363,296,515
Receipt in Advance	Note 17.3	153,844,428	123,368,778
Liabilities under Tea for OilArrangement (CPC)		3,732,026,204	-
Accrued Expenses	Note 17.4	65,072,000	635,804,675
Other Provisions	Note 17.5	153,433,734	178,451,198
		<b>4,480,839,140</b>	<b>1,308,577,437</b>

**NOTES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

<b>S. Bank Balances -BOC</b>	<b>2023(Rs.)</b>	<b>2022(Rs.)</b>
Gampola	643,355	-
Galle	199,675	3,970
Rathnapura	-	134,533
Nuwaraeliya	343,430	-
Matara	76,999	35,750
Bandarawela	-	41,599
	<b>1,263,459</b>	<b>215,852</b>

**Capital & Reserves**

There is no change in the Authorized Capital during the year ended 31 December 2023

**Contributed Capital**

Contributed Capital is made up by government grants amounting to Rs. 672,012,201.85 as at 31 December 2023

**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

<b>1. Laboratory Income</b>	<b>2023(Rs.)</b>	<b>2022(Rs.)</b>
ISO 3720 Standard Test	3,107,750	4,936,500
Chemical Analysis Test	-	6,500
Physical Examination Test	774,500	1,415,500
Microbiological Analysis Test	2,611,000	6,044,796
Other Tea Sample Test	15,000	3,896,000
Pesticide Residual Analysis test	23,166,000	3,490,000
Issue of quality Certificate and Other	4,250	13,500
Lion Logo Testing (Chemical & Microbiological)	1,911,000	-
	<b>31,589,500</b>	<b>19,802,796</b>
<b>2. Registration &amp; Renewal Income</b>		
Dealers License Fees	9,108,350	9,366,500
Penalties	6,840,034	5,654,644
License Fees For Produce Brokers	1,265,000	2,245,000
Refuse Tea Registration Fees	1,202,500	1,300,130
Registration of Tea Exporters	1,415,000	1,100,000
Registration of Tea Packers	1,345,000	1,035,000
Renewal Fee of Tea Exporters	44,097,500	42,150,000
Renewal Fee of Tea Packers	3,895,000	3,765,000
Private Sale Panel Valuation	7,271,500	5,379,000
Direct Sale Ratification Fees	320,000	763,425
Issue of Permit For Imporation of Tea	34,927,124	29,081,969
Sale of Import Application Forms	14,240	15,160
Warehouse Registration	720,000	575,000
Renewal of Warehouse	1,810,000	3,050,000
Registration of Tea Manufactures	480,000	330,000
Permit For Refuse Tea Purchase	130,969,457	42,115,069
Registration of Tea Importers	30,000	20,000
Permit for Release of Bank Guarantee	514,000	414,000
Income From Tasting of Tea Samples	878,250	815,500
Reg. of Tea Pack / Other Origin Tea	771,100	314,500
Tea Factory Registration Renewal	4,460,000	4,550,000
Renewal of Tea Importers	605,000	515,000
Local Packer Registration	790,000	401,800
Local Packer Renewal	731,325	785,225
GMP Certification Fee	1,250,000	2,364,500
Tea Sample Testing Fees	578,405	1,439,864
Late Penalties (Registration & Non-Operational)	186,000	-
	<b>256,474,785</b>	<b>159,546,286</b>

**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

<b>3. Net Profit from Commercial activities</b>	<b>2023(Rs.)</b>	<b>2022(Rs.)</b>
Tea Sales	26,267,873	16,792,380
Commission on Exporter Pack Sales	13,589,764	6,744,081
Sale of Tea & Health Book	125,120	-
Sale of Cloth Bag	87,130	91,080
Difference In Exchange	347	1,097
Income on promotional item	23,215	27,365
	<b>40,093,449</b>	<b>23,656,003</b>
Cost of Tea	(12,838,576)	(11,728,029)
Incentives To Staff	(3,328,146)	(1,004,304)
Commission on Credit Card	(2,114,361)	(723,505)
Net Profit From Commercial Activities	21,812,366	10,200,165
<b>4. Nuwaraeliya Sales Counter &amp; Circuit Bungalow</b>		
Sales Counter -Rent Income & Sales Commission	1,337,955	682,954
Circuit Bungalow	529,350	331,000
	<b>1,867,305</b>	<b>1,013,954</b>
<b>5. Other Income</b>		
Interest on Staff Loans	1,586,828	1,545,236
Sundry Income	8,657,185	4,993,316
Sale of Statistical Summary	94,249	117,786
Registration of Suppliers	287,000	458,000
News Letter	252,000	108,000
Sale of Posters, Directories & Others	19,065	12,135
Fixed Assets Disposal Profit	1,031,133	1,380,288
Reg. Of Tea Exporters Directory / Ads	-	27,000
Analytical cost	-	14,500
	<b>11,927,460</b>	<b>8,656,261</b>
<b>6. Administration Expenses</b>		
<b>6.1 . Personnel Emoluments</b>		
Salaries	121,604,104	123,334,154
Other Allowance (Interim / Other)	21,730,887	20,820,170
Overtime & Holiday Pay	10,830,771	7,718,512
Daily Paid Wages	8,780,806	6,287,691
COL Allowance	22,864,434	23,533,120
EPF Contributions	21,897,745	19,331,151
ETF Contributions	4,435,788	4,484,233
Staff Gratuity	7,212,000	12,355,278
	<b>219,356,535</b>	<b>217,864,309</b>

**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

	2023(Rs.)	2022(Rs.)
<b>6.2. Other Administration Expense</b>		
Membership Subscription (Professional)	32,000	95,663
Bonus To Staff	6,375,000	6,325,000
Medical Benefits/Personal Acci. Claims	42,485,202	40,657,400
Liquid Tea To Staff	5,477,652	3,239,792
Supply of Packeted Tea To Staff	9,074,235	9,019,111
Staff Welfare	3,439,986	2,475,150
Death Donation	750,000	750,000
Sports / Recreation Facilities	500,000	250,000
Interest On Staff Property Loan	702,603	769,106
Staff Training / Seminars / Workshops	13,094,140	640,030
Fees To Board / Committee Members	1,866,800	514,500
Board Meeting Expenses	155,240	161,225
Analytical Laboratory - Consumables	8,803,310	3,926,390
Examination Fees	118,729	144,561
Consultancy Fees	7,000	356,305
Interview Panel Fees	18,570	26,390
	<b>92,900,467</b>	<b>69,350,623</b>
<b>7. Travelling Expenses</b>		
Travelling Expenses ( Local)	26,617,391	21,002,386
	26,617,391	21,002,386
<b>8. Supplies &amp; Requisites</b>		
Print Stationery & Office Requisites	2,169,440	7,568,552
Fuel & Lubricants	12,691,509	9,819,488
Mechanical,Electrical & General Goods	2,284,305	360,772
Books,Periodicals & Newspapers	776,714	631,930
Uniform	3,742,564	1,829,935
	<b>21,664,532</b>	<b>20,210,677</b>
<b>9. Repair. &amp; Maintenance of Capital Assets</b>		
R/M of Vehicales	4,329,943	3,425,900
R/M of Plant & Machinery	4,063,724	4,294,267
R/M of Buildings	7,127,765	12,933,901
R/M of Offcie Equipment	19,827,854	15,364,569
R/M of Furniture & Fittings	44,400	42,014
Other Utility Services	958,410	52,151
Janitorial Service	7,282,171	7,844,314
Lab.Accrediation & Instruments Maintainance	2,948,371	504,391
	<b>46,582,638</b>	<b>44,461,507</b>

**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

<b>10. Utilities &amp; Other Expenses</b>	<b>2023(Rs.)</b>	<b>2022(Rs.)</b>
Press Notice	16,105,067	8,941,992
Telephone, Fax & Internet	7,429,792	6,955,944
Postage	2,611,160	1,452,232
Electricity	19,551,505	10,095,444
Rates & Taxes	1,842,995	1,535,626
Rent	8,546,678	10,283,695
Insurance - Buildings, Vehicles, Etc.	859,982	1,239,478
Security Services	12,205,657	12,568,734
Audit Fees	1,500,000	1,228,100
Legal Fees	1,986,560	945,040
Other Fees	581,290	1,457,947
Tea Sample Testing Fees	2,311,692	3,037,012
Water Supply & Heating	4,818,783	1,038,038
Tea Tasting Panel Fees	3,207,300	3,506,532
Sundry Expenses	2,099,892	680,111
Lease Rental For Vehicles	25,709,832	22,231,371
Lease Rental For Land	480,000	480,000
Tea Testing Room Requisites	199,000	-
Contingencies Covid -19	-	1,199,275
Withholding Tax	100,000	
Nuwara Eliya Expenses	162,373	207,099
	<b>112,309,558</b>	<b>89,083,670</b>
<b>11. Stocks</b>		
<b>11.1. Laboratory</b>		
Laboratory Consumables	15,938,448	11,797,799
	<b>15,938,448</b>	<b>11,797,799</b>
<b>11.2. Consumables</b>		
Stationery	16,508,776	8,279,224
Promotional Materials	3,990,969	818,272
	<b>20,499,745</b>	<b>9,097,496</b>
<b>11.3. Tea &amp; Other Stocks</b>		
Tea - Main Stores	6,781,662	6,455,499
Tea - Sales Counter	776,862	266,463
Staff Tea	539,484	711,710
Empty Cartons	18,788,148	4,288,556
Carrier Bags	79,994	79,994
Neck Ties	45,000	45,000
	<b>27,011,150</b>	<b>11,847,222</b>
<b>11.4. Goods In Transit</b>		
	1,110,594	1,752,461
	1,110,594	1,752,461
	<b>64,559,937</b>	<b>34,494,977</b>

**SCHEDULES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

	2023(Rs.)	2022(Rs.)
<b>12. Receivables</b>		
Loan to NIPM Vehicle	-	1,333,333
Sundry Receivable	38,428,556	53,505,130
Debtors Control	16,408,725	811,372
Income Receivable	1,535,770	1,303,359
Packeted Tea Sales	329,632	328,607
Ceylon Tea Museum	960,998	-
Shortages	422,103	367,790
	<b>58,085,784</b>	<b>57,649,591</b>
<b>12.1.Embassy Account</b>		
China	84,764	84,764
Moscow	8,699,564	-
Australia	47,810	47,810
	<b>8,832,138</b>	<b>132,574</b>
<b>12.2.Tea Promotion unit-Current Accounts</b>		
UAE	8,237,377	10,713,769
Moscow	24,782,144	9,330,450
China	1,223,337	3,446,805
	<b>34,242,858</b>	<b>23,491,024</b>
<b>13.Loans &amp; Advances</b>		
Consolidated Loans - TCD	5,552,660	5,251,360
Consolidated Loans - HO	31,346,263	33,405,543
Advance - Festival	383,150	435,650
Staff Tea Recoveries	200,429	46,110
Staff Debtors	30,775	16,500
Advance -Tea Small Holdings Development Authority	33,470,665	33,470,665
Payment in Advance Trade Fair	67,820,442	-
Payments in Advance	1,178,179	619,352
Loans And Advances Moscow	11,459	11,459
	<b>139,994,022</b>	<b>73,256,639</b>

**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

<b>14. Deposits &amp; Pre - Payments</b>	<b>2023(Rs.)</b>	<b>2022(Rs.)</b>
Deposits	5,707,511	6,269,386
Stamp Deposit	160,000	160,000
Parcel Postage Deposit	44,940	44,940
Deposits & Prepayment - China	2,176,602	372,369
Pre - Payments	7,766,434	48,273,744
Mobilization Advance	38,497,041	4,547,828
	<b>54,352,528</b>	<b>59,668,267</b>
<b>15. Investments</b>		
Fixed Deposit - SLTB	1,122,898,927	536,983,997
Fixed Deposit Interest Receivable - SLTB	29,417,656	21,285,498
Fixed Deposit - P & M Levy	12,217,313,503	9,145,424,351
Fixed Deposit Interest Receivable - P & M Levy	271,324,717	174,524,300
Housing Loan Deposits - SMIB	-	2,978,541
	<b>13,640,954,803</b>	<b>9,881,196,687</b>
<b>16. Cash &amp; Cash Equivalents</b>		
<b>16.1.Cash</b>		
Petty Cash Imprest - Stamp	10,000	10,000
Petty Cash Imprest - Admin	-	25,000
Collection On Sales In Hand	2,170,561	727,371
	<b>2,180,561</b>	<b>762,371</b>
<b>16.2..Bank Balances</b>		
BOC-Kollupitiya 2nd	39,389,444	144,157,678
BOC-Corporate (HO)	22,413,375	23,000
BOC-Bambalapitiya	91,283,607	28,484,916
BOC-Corporate (TCD)	16,515,721	6,807,022
BOC-Independence Square	3,495,374	124,764,637
BOC-Tea Subsidy	19,236,911	18,048,224
Peoples Bank A/C No: 204-1-001-6-0009866	981,593	49,777,984
Peoples Bank	2,776,729	-
	<b>196,092,754</b>	<b>372,063,461</b>
<b>16.3.BOC Reigional Office Current Accounts</b>		
Galle	213,385	535,556
Matara	121,447	166,650
Rathnapura	818,885	847,887
Mathugama	265,893	222,569
Bandarawela	50,937	547,919
Gampola	168,518	77,475
Nuwaraeliya	148,641	208,766
	<b>1,787,706</b>	<b>2,606,822</b>

**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

	2023(Rs.)	2022(Rs.)
<b>16.4. BOC Regional Office Collection Accounts</b>		
Gampola	-	9,466,261
Rathnapura	3,947,879	-
Bandarawela	2,610,565	-
Mathugama	7,370,282	2,078,288
Nuwaraeliya		43,498
	<b>13,928,726</b>	<b>11,588,047</b>
<b>16.5. Regional Office Current Accounts</b>		
Rathnapura	-	113,400
Gampola	-	290,829
Mathugama	-	306,502
Nuwaraeliya	-	188,377
Bandarawela	-	147,950
	-	<b>1,047,058</b>
	<b>213,989,748</b>	<b>388,067,757</b>
<b>17. Creditors &amp; Provisions</b>		
<b>17.1. Trade Payables</b>		
Payables	6,102,598	7,486,740
Creditors Control	-	139,325
Credit Tea Order	24,642	24,643
Creditors & Provisions - China	177,865	-
Creditors & Provisions - Moscow	4,157	5,563
	<b>6,309,262</b>	<b>7,656,271</b>
<b>17.2. Other Payables</b>		
General Deposits	228,064,247	220,454,440
Retention Monies Deposits	33,799,915	32,739,613
SLTB Official Packer	6,396,186	7,985,021
Staff Creditors	6,375,000	6,327,395
Arrears - Green Leaf Deposit	90,304,143	92,245,738
Cusdec Deposit	161,400	161,400
Refundable tender deposit	10,000	
Retention Incentive - Sales Counter	334,860	93,985
VAT Payable	4,707,761	3,288,923
	<b>370,153,512</b>	<b>363,296,515</b>

**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

	2023(Rs.)	2022(Rs.)
<b>17.3.Receipt in Advance</b>		
Nuwara Eliya-Sales Center	1,620,000	1,620,000
Trade Fair	58,033,810	24,275,448
Licence Fee	6,985,000	7,920,100
Refused Tea	850,000	887,500
Renewal of Warehouse	1,560,000	1,280,000
License Fee For Produce Brokers	1,750,000	1,250,000
Registration of Tea Packer	155,000	225,000
Renewal of Tea Exporter	30,565,000	32,057,500
Renewal of Tea Packer	2,375,000	2,255,000
Registration of Tea Warehouse	50,000	135,000
Registration of Exporters	155,000	250,000
Registration of Local Packer	5,000	20,000
Renewal of Tea Importer	415,000	395,000
Medical Deposit SLTB Staff	1,125,100	910,600
Tea Factory Reg. Renewal	3,820,000	1,695,000
Local Packer Renewal	280,000	192,500
Promotional & Marketing Levy	43,754,775	46,694,389
Sales Counter-Rent Deposit	-	960,000
Deposit - BMF	345,743	345,742
	<b>153,844,428</b>	<b>123,368,779</b>
<b>17.4.Accrued Expenses</b>		
Accrued Expenses	46,058,429	25,098,260
Accrued Expenses - P & M Levy	19,013,571	610,706,415
	<b>65,072,000</b>	<b>635,804,675</b>

**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year ended 31<sup>st</sup> December 2023

	2023(Rs.)	2022(Rs.)
<b>17.5. Other Provisions</b>		
Travelling	6,010,664	5,643,701
Audit Fees	2,555,700	2,228,100
Printing Stationery & Office Requisition	106,000	1,051,670
Fuel & Lubricants	1,058,481	664,385
Periodicals & Newspapers	135,620	247,550
Maintenance Expenditures	1,621,005	680,701
Postal & Communication	1,028,029	780,965
Electricity & Water	1,995,920	1,080,078
Rent & Local Taxes	675,000	150,000
Janitorial Services	592,515	644,729
Security Services	1,034,374	1,075,623
Medical Benefits	2,944,979	3,255,588
Overtime & Daily Paid Wages	2,090,581	1,609,328
APIT Payable	878	-
Legal & Other Fees	41,500	-
Sprinkler System For Large & Medium Scale Growers	-	9,031,600
Subsidy Scheme For Bio Fertilizer Project	49,316,000	51,300,000
Subsidy Scheme For Installation Of Solar Power System	39,509	-
Subsidy Scheme For New Planting With Mechanization	12,297,900	26,708,400
Press Notice and Advertisement	277,680	3,223,486
Subsidy Scheme Model Tea Garden Subsidy Scheme	20,357,961	21,154,461
GMP -Moisture Meter Subsidy Scheme	-	2,500,000
Subsidy For Tea Nursery Development Expenses	43,029,000	45,025,000
Subsidy Scheme For Exporters Machinery Component	-	395,833
Subsidy Scheme For Tea Repanting & Direct Planting	6,224,439	-
	<b>153,433,737</b>	<b>178,451,198</b>

**18. Fund facility Granted to Tea Brokers**

	8% Loan	Loan	Total
Asia Siyaka Commodities Plc	14,987,593	-	14,987,593.30
Bartleet Produce Marketing (Pvt) Ltd	(51,941.69)	3,333,333.33	3,281,391.64
Mercantile Produce Brokers	2,370,892	-	2,370,892.47
Ceylon Tea Brokers Plc	1,363,926	-	1,363,926.39
Forbes & Walkers (Pvt) Ltd	4	22,720,249.00	22,720,253.50
John Keels Plc	2,102,646	-	2,102,646.16
Lanka Commodity Brokers Ltd	8,911,087	5,332,333.33	14,243,420.40
<b>Total</b>	<b>29,684,208</b>	<b>31,385,915.66</b>	<b>61,070,123.86</b>

# THE AUDITOR GENERAL'S REPORT - 2023

(English version of Auditor General Report)

Chairman  
Sri Lanka Tea Board

**The Auditor General's Report on financial statements and other legal regulatory requirements of Sri Lanka Tea Board as per the section 12 of National Audit Act No.19 of 2018 for the year ended 31st December 2023.**

## 1. Financial Statements

### 1.1. Qualified Opinion

The statement of financial position of the Sri Lanka Tea Board as at 31 December 2023 and income statement, other extended income statements, statement of changes in ownerships and the records related to cash flow statement and financial statements for the year then ended, financial statements involving the summarized significant accounting policies for the year ended by 31 December 2023 were audited under my direction as per the provisions of National Audit Act No.19 of 2018 and Finance Act No.38 of 1971 that should be read in combination with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My report will be tabled in the Parliament in due course as per the Article 154 (6) of the Constitution.

Except the effects of the matters described under the heading of Basis for Qualified Opinion in my report, the fact that the financial position of the Sri Lanka Tea Board as at 31 December 2023 and its financial performance and cash flows for the year then ended reflect a true and fair status in accordance with Sri Lanka Auditing Standards is the opinion I bear.

### 1.2. Basis for Qualified Opinion

- (a) Although the assets at a cost of Rs. 183,520,144 fully depreciated by the Board as at the end of the year under review were being further used, the effective life time of the said assets had not been re-estimated and accounted or revealed in the accounts in accordance with the paragraph no. 51 of the Sri Lanka Accounting Standard 16.
- (b) Although the taxes in the year under review should be adjusted to the pre-profit in preparing the cash flow statement as per the Sri Lanka Accounting Standard 07, the taxes of the board had been adjusted in the cash flow statement using the post-profit.
- (c) Even if the laboratory revenue was Rs.31,589,500 as per the financial statements, the said value as per the reports presented by the laboratory was Rs.42,927,750. Consequently, a discrepancy of Rs.11, 338,250 was observed.
- (d) Since the amount of Rs.5,573,342 paid for the VISA and booking of exhibition stalls of the "Prodexpo 2024" Exhibition scheduled to be held in Moscow, Russia in the year 2024 had been accounted as an expenditure of the year under review instead of being accounted as the payments made forward, the expenditures of the year under review had been overstated by the said amount and the payments made forward had been understated.
- (e) The expenditure of Rs.4,800,000 incurred on participating for the international exhibitions and trade fairs which was accounted with a lack in the previous year had been adjusted under withheld earnings instead of being adjusted to the Promotion and Marketing Deposits Account. Consequently, the withheld earning account had been understated by the said amount, and promotion and marketing deposits account had been overstated.
- (f) As the advances at a value of Rs. 586,550 out of the advance amount received from 05 exporters in the year 2021 in terms of participating for the international exhibitions and trade fairs were debited to the expenditure account of participation for the international exhibitions and trade fairs instead of debiting to the promotion and marketing deposit account when paying back those advances in the year under review, the expenditures of the year under review had been overstated by an amount of Rs. 586,550.

- (g) Even if the Board had decided not to carry out 06 creative activities of the global promotion and marketing program for "Ceylon Tea" in the year 2022, the allocations of Rs.9,414,411 made for that purpose during the year 2017 had been accounted under the accrued marketing and promotion expenditures even by the end of the year under review without being re-adjusted. Consequently, the current liabilities had been overstated by that amount and the promotion and marketing deposits had been understated.
- (h) A sum of Rs.4,534,238 to be paid to the made tea packer of the Board (SLTB Official Packer) had been accounted twice as to be paid.
- (i) As made tea stocks worth Rs.2,628,416 supplied to the main warehouse by the SLTB Official Packer in the year under review had not been accounted as purchases in the tea sales shop, the surplus of the year had been overstated by the said value and the amount to be paid to the official packer had been understated.
- (j) As the promotion materials (Except tea and packages) at a value of Rs.905,187 issued free of charge from the main warehouse (FOC) in the year under review for the promotion activities had been debited to the expenditure account and credited to the selling cost during the issuance for foreign operations, selling cost of the year had been understated by an amount of Rs.905,187 and the expenditure account had been overstated by the said amount.
- (k) The fabric bag stocks worth Rs. 3,774,644 that was in the main warehouse had been accounted in both accounts called promotional materials and stationeries in the calculation of the final stock value as at 31 December 2023, the value of the consumable material stock had been overstated and the surplus had been understated in the financial statement.
- (l) Even if there was an allocation account for the project of organic fertilizer subsidies worth Rs. 51,300,000 at the beginning of the year 2023, the subsidies at value of Rs.1,100,000 paid for the said project in the year 2023 had been debited to the expenditure account without debiting to allocation account. Therefore, the surplus of the year had been understated by the said amount and the allocations for project of organic fertilizer subsidies had been overstated.

I executed this audit in accordance with the Sri Lanka Accounting Standards. My responsibilities under these accounting standards have further been described under heading "Auditor's responsibility" in relation to the audit of financial statements. I believe that the evidences I have received for the audit are adequate and appropriate to form a basis for my qualified opinion.

### 1.3. Other particulars included in the Annual Report 2023 of the Board

Other details mean the details that have been included in the annual report 2023 of the Sri Lanka Tea Board expected to be handed over to me after the date of this audit report, but not included in financial statements and my audit report on those statements. The management is responsible for these other details.

My opinion on financial statements does not reveal other details and I do not express any certification and opinion on that matter.

My responsibility about the financial statements in relation to my audit is to read the other details when possible to have and seek whether those details are quantitatively matching with financial statements or my knowledge gained by the audit or by other means.

If I conclude; based on the other details obtained by me prior to the date of this audit report and the tasks performed by me, that these other details have been mentioned quantitatively erroneous manner, such matter should be reported by me. I do not have anything to report in this connection.

#### 1.4. Responsibilities of Management and Governing Parties for Financial Statements

The preparation and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards and determining the internal controls required enabling the preparation of financial statements that are free from quantitative wrongful statements that can be caused by frauds or errors are the responsibility of the management.

Determining the possibility of continuous function of the Sri Lanka Tea Board in preparing the financial statements is a responsibility of the management. Except the circumstances the management decides to liquidate the Board or stop the operations when an alternative is not found, accounting on the basis of continuous existence and disclosing the particulars related to continuous existence of the Board are also a responsibility of the management.

The responsibility of examination on the financial reporting procedure is borne by the governing parties. As per the sub-section 16 (1) of National Audit Act No.19 of 2018, the books and records should appropriately be maintained about the own incomes, expenditures, assets and liabilities enabling the preparation of annual and timely financial statements of the Board.

#### 1.5. Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I further:

- Designed and performed Opportunistic and appropriate audit procedures to identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error in respect of providing a basis for my audit opinion. The impact of a fraud is higher than the impact of a material misstatement resulting from an error, as the fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding about internal control in order to design opportunistic and appropriate audit procedures, though it was not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluated the appropriateness of accounting policies used and the fairness of accounting estimates and related disclosures made by the management.
- Concluded on the appropriateness of using the basis of continuous existence of the Board for accounting based on the audit evidence obtained on whether a material uncertainty exists related to events or conditions that may cast significant doubt about the ability of continuous existence of the Board. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, my opinion should be modified. However, continuous existence can be ceased due to the future events or conditions.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I inform the parties in charge of governance about the important findings of my audit, main internal weaknesses of the governance and other particulars.

## 2. Report on other Legal and Regulatory Requirements

### 2.1. Special provisions are included in relation to the following requirements of the National Audit Act No.19 of 2018.

- 2.1.1. All details and clarifications required for the audit was obtained by me except the impact caused by the particulars described in “Basis for Qualified Opinion” in my report as per the requirements specified in the Section 12(a) of the National Audit Act No.19 of 2018, and the due basis for financial reporting has been maintained by the Board as revealed by my inspection.
- 2.1.2. The financial statements of the Board are compatible with the previous year in line with the requirement of the Section 6(1) (d) (iii) of the National Audit Act No.19 of 2018.
- 2.1.3. The recommendations made by me in the previous year as per the requirement of the Section 6(1) (d) (iv) of the National Audit Act No.19 of 2018 have been included in the financial statements presented.

### 2.2. Based on the procedures followed and the evidences obtained as well as due to being limited to quantitative facts, nothing enough was caught by my attention to express the following statements.

- 2.2.1. That a certain member of the Governing Board of the Sri Lanka Tea Board has a connection directly or by other means outside the normal business condition regarding an agreement related to the Board as per the requirement stated in the Section 12 (d) of the National Audit Act No.19 of 2018.
- 2.2.2. That it has been proceeded in contrast to a certain relevant written law or other general or special provisions issued by the Board of Governance on the Sri Lanka Tea Board other than the following observations as per the requirement mentioned in the Section 12 (f) of the National Audit Act No.19 of 2018.

#### Reference to laws, rules/orders

- (a) The orders 02 and 03 of the Gazette No.1677/14 dated 27 October 2010 of the Democratic Socialist Republic of Sri Lanka.

#### Observation

The Gazette about charging a tax of Rs.3.50 from each registered tea exporter for each kilogram of tea at the time of granting permission in the CUSDEC by the Director General of the Sri Lanka Tea Board allowing for tea export had been cancelled by the Gazette No. 2258/15 dated 14 December 2021. However, a sum of Rs.1,003,428,373 had been collected from tea exporter by the Board from 15 December 2021 to 04 August 2023

- 2.2.3. The proceedings have been done incompatibly to the powers, duties and functions of the Board as per the requirement stipulated in the section 12 (g) of the National Audit Act No.19 of 2018.
- 2.2.4. As per the requirement stipulated in the section 12 (h) of the National Audit Act No.19 of 2018, the resources of the Board had not been used thriftily, efficiently and effectively subsequent to the procurement made in accordance with the rules and regulations within timeframes.

### 2.3. Other Particulars

- (a) Though it was observed as per the Supplement to Annual Bulletin of Statistics 2023 that the world prod share for the tea in Sri Lanka; which was a 18 percent in the year 2011, had been decreased to 3.88 percent in the year under review since the total tea production and exportation of Sri Lanka were not gradually grown-up, no suitable actions had been taken to increase the market share.

- (b) An expenditure of Rs.174,332,138 had been incurred from the year 2016 to 2020 to use television for traditional high level advertising under the global promotion and marketing program for "Ceylon Tea", create TV advertisement in English language, and translate the said advertisement into Chinese, Japan, Arab, Ukraine, German and Turkey languages. However, as the media buying required to advertise in the television media; which was the main objective of creating said advertisement, and preparing the plans regarding that matter had not been done, no advertising had been done on the television media. Also, it was observed that 31 creative tasks done at a cost of Rs.39,832,808 had not been utilized for the relevant task even at the end of the year under review.
- (c) Although a sum of Rs.107,088,740 had been spent within the period from 2019 to 2023 in terms of preparing media surveys and media plans for the promotion of Sri Lanka Tea globally, the media plans presented for all other countries had expired the timeframe stated therein by the end of the year under review except the media plan presented for Chile state among the media plans prepared. However, the said tasks had not been implemented until the end of the year under review.
- (d) Even if there was a Preferential Tariff Rate Quota for tea under the India - Sri Lanka Free Trade Agreement (ISFTA) and Pakistan - Sri Lanka Free Trade Agreement (PSFTA), a considerable utilization of it had not been reported from 2021 to 2023 and it was observed in the audit that the total quantity of imports to Indian and Pakistan compared to the previous year had been declined by 10 percent and 100 percent respectively.
- (e) There were deposits at a value of Rs.90,304,143 that are to be paid in terms of the complaints made owing to the non-payment of due price for the tea leaf owners and that have been deposited in the Board by the tea factory owners to make payments for the tea leaf owners during the change of the ownership of the tea factories and however not settled duly until the end of the year under review, and the amount of deposits that exceeded 05 years among those was Rs.4,759,784.
- (f) A total of Rs. 15,716,148 had been paid to a private institution by 31 December 2023 with a confirmation from Assistant Director (Information Technology) of the Board based on a contract value of Rs. 53,964,995 for the preparation of an information technology system for the tea industry. Although the task should be completed within 18 months as per the agreement, the system had not been prepared even if a period of nearly 03 years has passed. Although the performance security of Rs.36,982,497 provided by this private institution had been expired on 30 April 2022, the actions had not been taken to extend it even by the date of audit.
- (g) The actions had not been taken by the Board from a period of 01 - 04 years to recruit the officers for 04 posts titled Director General, Deputy Director General (Marketing), Director (Promotion) and Director (Administration) which belonged to the top management level.
- (h) The loss of Rs.62,603,006 had been experienced by the Board from the Colombo Tea Sales Centre named "Tea Moment" started in the year 2014. Even if the letter dated 06 December 2016 from the Secretary, Ministry of Plantation Industry had informed the President that the suitable actions should be taken against the officers who acted carelessly in this connection, no actions had been taken so far.
- (i) The Board had given loans amounting to a total of Rs.3,093,468,442 to the tea factories by the end of the year 2023 in order to provide fertilizers on a 8 percent interest basis. As per the section 2.4 of the agreement made between the Board and the respective parties, based on the balance receivable in case of the failure to pay the loan instalment at the end of the due timeframe, a 21 percent delay interest should be charged annually. However, any delay interest on the loan balances settled with delay during the year under review had not been charged by the Board.

- (j) Although it had been decided; as per the Directive No.11 of the Committee on Public Enterprises of the Sri Lanka Tea Board held on 19 June 2012, to transfer the ownership of "Ceylon Tea Museum" located in Hanthana belonged to Janatha Estate Development Board in lieu of a loan amount worth Rs.25,000,000 given in the year 2003 by the Board to the Janatha Estate Development Board, no actions had been taken so far to take over the ownership of the properties or levy the loan amount though a period more than 10 years has passed up to now. Also, a loan mount of Rs.10,000,000 had been given to the Janatha Estate Development Board in the year 2020 with the approval of the Board of Directors, and only a sum of Rs.1,000,000 out of that amount had been charged as at the end of the year under review.

**W.P.C. Wickramarathna**  
**Auditor General**

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