

Annual Report 2021

Sri Lanka Tea Board

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CONTENTS

Vision and Mission - 03

Members of the Sri Lanka Tea Board - 04

Members & Observers of the Audit Committee - 05

Senior Management Staff - 05

Members of the Promotion and Marketing Committee - 06

Message from the Chairman - 07

Key Highlights - 09

Corporate Background - 10

Structure and activities undertaken - 11

Tea Commissioner's Division - 12

Tea Exports Unit - 21

Tea Promotion Division - 24

Tea Tasting Unit - 41

Analytical Laboratory - 43

Administration Division - 46

Internal Audit Section - 47

Information Technology Section - 47

Industry Profile- 48

Approach to the Sustainable Development Goals- 64

Financial Review - 66

Auditor General's Report - 100

Offices of the Sri Lanka Tea Board - 106

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 thereby ensuring the economic
development of the plantation community

Members of the Sri Lanka Tea Board - 2021

Chairman

Mr. Jayampathy Molligoda

Sri Lanka Tea Board

Members

Ms. W.M.D.T. Wickremasinghe

up to June, 2021

Mr. Harsha Ilukpitiya

from July, 2021

Ministry of Plantation

Mr. Lalith Obeyesekere

Ceylon Planters' Association

Mr. Jayantha Karunaratne

Colombo Tea Traders' Association

Mr. K.L. Gunaratne

Sri Lanka Federation of Tea Small Holdings

Development Societies

Mr. W.H.S. Samarasena

Ministers Representative

Mahinda Vidanapathirana

from Jan 2021 up to June, 2021

Thushara Priyadharshana

from July, 2021

Tea Small Holdings Development Authority

Mr. D. Jeevanathan

Ministry of Trade

Mr. Samantha Dodanwela

up to March, 2021

Mr. Hishantha de Mel

from June, 2021

Colombo Brokers' Association

Mr. Chandima Wickremasinghe

up to September, 2021

Mr. Lionel Herath

from October, 2021

Sri Lanka Tea Factory Owners' Association

Mr. Sanjaya Herath

Tea Exporters Association

Ms. J.D.G.Senanayake

from October, 2021

Ms. K.A.W. Fernando

from November, 2021

Ministry of Finance

Observer

Anil Alwis

Members & Observers of the Audit Committee - 2021

Chairman

Ms. W.M.D.T.Wickremasinghe

Additional Secretary (Development), Ministry of Plantation

from Jan 2021 up to Oct, 2021

Ms.K.A.W.Fernando

Director, Department of Public Finance, Ministry of Finance

from Nov 2021 up to Dec, 2021

Members

Mr. D.Jeevanadan

Additional Secretary, Ministry of Trade

Mr. Chandima Wickremasinghe

Chairman, Sri Lanka Tea Factory Owners' Association

from Jan 2021 up to Oct, 2021

Mr.Jayantha Karunaratne

Chairman, Colombo Tea Traders' Association

from Nov 2021 up to Dec, 2021

Mr.Harsha Illukpitiya

Additional Secretary (Development),

Ministry of Plantation

from Nov 2021 up to Dec, 2021

Observers

Mr. K.A.C.Shamantha

Chief Internal Auditor, Ministry of Plantation

Mrs. S.D. Katuwawala

from Jan 2021 up to Oct, 2021

Ms.H.A.D.Chandani

from Nov 2021 up to Dec, 2021

Superintendent of Audit, National Audit Office

Convener

Mr. S.A. Siriwardana

Director General, Sri Lanka Tea Board

Senior Management Staff 2021

Mr. S.A. Siriwardane

Director General

Mr. E.A.J.K. Edirisinghe

Tea Commissioner

Ms. H.L. Pavithri Peries

Director (Promotion)

Mr. G.A.Hirosh Jayanga

Director (Finance)

Dr. K.R.W. Abeywicrama

Act.Director (Analytical Services)

Mr. S.I.C.Perera

Asst. Director General (Administration)

Mr.Kulunu Ranasinghe

Internal Auditor

Members of the Promotion & Marketing Committee 2021

Chairman

Mr. Jayampathy Molligoda

Sri Lanka Tea Board

Members

Mr. I.S.H.J. Ilukpitiya

Additional Secretary (Dev.), Ministry of Plantation

Ms. Pavithri Peiris

Director (Promotion), Sri Lanka Tea Board

Mr. Sanjaya Herath

Chairman, Tea Exporters' Association (TEA)

Mr. Mufaddal Jafferjee

Member, TEA

Mr. Suranga Herath,

CEO, Amazon Trading (Pvt) Ltd

Mr. Anura Siriwardena

Director General, Sri Lanka Tea Board

Mr. Jayantha Karunaratne

Chairman, Colombo Tea Traders' Association

Mr. Tyeab Akbarally

Director, Akbar Brothers

Mr. Dilhan C. Fernando

CEO, MJF Group

Mr. Vish Govindasamy

Managing Director, Sunshine Holdings PLC

Observer

Mr. Anil Cooke

Managing Director/CEO, Asia Siyaka Commodities (Pvt) Ltd.

Chairman's Statement

"Sri Lankan tea industry has recorded an excellent performance during the year ended 2021 despite many challenges faced by the stakeholders."



Exports, Sales Revenue and Tea Production

The total export revenue from tea for the period January to December 2021 is Rs.264 billion (US\$ 1,320 Million). The total export quantity is 286 million kilos. During the year 2020, the export revenue was Rs.231 billion (US\$ 1,213 million) and the export quantity was 266 Mn Kilos. It is significant to mention that the average FOB price at customs, which was Rs 867 per kilo in 2020 has further increased to Rs.921 per kilo, whereas in 2019 it was only Rs. 823 per kilo of tea exported. At the Colombo auction level, the total sales income was recorded as Rs.182 billion as against Rs.169 billion during the year 2020. The average sale price was Rs. 616 per kilo when compared with Rs.627 per kilo during the year 2020. The total production of made tea was 299.5 million kilos when compared to 279 million kilos of production during the corresponding period in 2020.

The main concern here is that Sri Lankan tea estate productivity has been declining over a period of time; the year 2000 the tea production was 305 million kilos and has increased to 328 million in 2010. The peaked production of 340 million kilos was in 2013, since then there has been a gradual decline of tea production, which is 2.6% decline based on CAGR. The cost of production of tea producers has been increasing due to many factors which includes low productivity of both land & labour, high overheads and adverse impact of climate change and Covid - 19 pandemic situations.

In the context of rising costs of chemical fertilizer, there is a need to come up with a balanced nutrient management policy, focus more on soil quality restoration as a strategy. We need to look for hybrid chemical, organic and mineral source mixed fertilizer programmes for that balanced nutrient management in order to achieve 'cost; benefits' at the entire supply chain in the Sri Lankan tea industry. I am pleased to inform that TRI is in the process of formulating advisory guidelines in this regard.

Competitor Analysis

It is relevant to mention here that the Kenyan tea production (main competitor for Sri Lankan teas) has been increasing rapidly and Sri Lankan tea production has been declining during the last 10 years. This is due to lack of tea replanting & infilling undertaken and the producers' inability to address climate change effects and other factors, as there has been a gradual erosion of soil and land degradation, despite application of fertilizer.

On the other hand, the Kenyan tea auction price in US \$ is lower compared to Sri Lanka, averaging around US \$ 1.95 per kilo compared to Colombo auction average of US \$ 3.10 per kilo and, in Sri Lanka, small holders are getting a reasonable price relative to Kenyan growers' tea prices. Sri Lankan tea supply chain operations are being regulated under Tea Control Act No 51 of 1957. Ceylon Tea is the most expensive teas in the global market - gram to gram and as a result, there is a tipping point in the tea pricing structure for our tea exporters and marketers to be competitive in the global market place. The Sri Lankan tea industry overall performance is satisfactory, however, achieving any further increases of prices for Ceylon Tea has become a challenge, because Kenyan and Indian auction prices are much lower than Colombo auction prices.

Promotion and Marketing strategy

Sri Lankan tea industry is not just a business of exports sourcing much needed foreign exchange, it is a way of life for over 2.5 million people and we need to protect and nurture 480,000 small holders and 600 tea factories operating at present and 135,000 estate workers by encouraging some 280 tea exporters to really focus on promoting and marketing Ceylon Tea B2C, in addition to B2B tea exports. Over 80% of the Sri Lankan teas are exported to twenty destinations and major importing countries are Iraq, Turkey, Russia, UAE, Iran and China.

Sri Lanka needs to focus more on the front end of the value chain by implementing already approved promotional activities under 'Ceylon Tea global campaign' coupled with aggressive marketing strategy formulated with the support of all the industry stakeholders' participation. Discerning tea consumers world over can be attracted to pay premium prices for Ceylon tea, through promotional campaigns focused on authenticity of the product based on sustainability credentials and wellness factor of Ceylon Tea, meaning health benefits of consuming Ceylon Tea.

In view of the above, an 'integrated productivity and quality strategy' is one of the key focus areas for the producers to reduce costs per kilo of made tea to enable the exporters to capitalize on Ceylon Tea 'brand equity'. In the circumstances, it is important that the producers adopt an integrated balanced nutrient management policy with more mineral and organic inputs to be applied in order to improve the soil quality to achieve environmental & economic sustainability and focus on social well-being of the workers and small holders/ growers. The brand story that the cleanest tea in the world has to reinforced through maintaining minimal level of chemical residues and demonstrating sustainable credentials including purity and wellness factor of Ceylon Tea. It is in that context only the outlook for the tea sector should be viewed. The success depends on our ability to market and promote 'Ceylon Tea' in global target markets as a premium quality beverage under the 'sustainable food' category.

Conclusion

The global value chain players from the farmers to pluckers, manufacturers, brokers and right up to the tea exporters and/or brand marketers must be given due recognition. We, at Sri Lanka Tea Board, wish to extend our gratitude to all these stakeholders for their dedication, commitment and the relative performance achieved during the year under review. It's a great achievement under difficult and challenging environment. It is important to pay tribute to the Hon. Minister, State Minister, officials of the Ministry of plantation and other governmental regulators. In conclusion, I would extend sincere gratitude to my colleagues of the Board of SLTB and the staff of Sri Lanka Tea Board,



Jayamapathy Molligoda
Chairman, Sri Lanka Tea Board

Key Highlights

Category	Unit	2019	2020	2021	Variance (%) 2020Vs 2021
Tea Production					
Total Tea Production	Mn kg	300.12	278.85	299.49	7.40
Classification by Elevation					
High	Mn kg	63.05	62.24	65.33	4.95
Medium	Mn kg	47.17	46.73	50.99	9.10
Low	Mn kg	189.90	169.88	183.18	7.83
Classification by Processing Method					
Orthodox(including Bio)	Mn kg	273.89	252.72	270.72	7.12
CTC	Mn kg	23.59	24.10	26.19	8.70
Green	Mn kg	2.64	2.03	2.57	26.86
Above production figures are excluding instant Tea**					
Instant Tea Production	Mn kg	4.36	3.06	3.64	18.95
Tea Sales (including Public, Direct, Private)					
Total sales quantity	Mn kg	301.92	268.24	295.79	10.27
High	Mn kg	59.97	56.46	63.52	12.49
Medium	Mn kg	52.14	48.05	52.34	8.92
Low	Mn kg	189.81	163.72	179.94	9.90
Total sales Prices	Rs/kg	545.02	628.21	615.44	(2.03)
High	Rs/kg	509.40	580.90	587.13	1.07
Medium	Rs/kg	470.96	553.94	550.80	(0.57)
Low	Rs/kg	576.62	666.32	644.23	(3.32)
Tea Exports					
Tea exports volume (Excluding Re exports)	Mn kg	283.00	256.58	276.00	7.57
Category wise export quantity					
Black	Mn kg	277.53	251.78	270.76	7.54
Green	Mn kg	2.27	1.99	2.27	14.42
Instant	Mn kg	3.04	2.81	2.97	5.55
Tea exports Value (Excluding Re exports)	Rs.Bn	227.00	218.80	249.10	13.85
Category wise export revenue					
Black	Rs Bn	219.35	210.62	238.86	13.41
Green	Rs Bn	4.41	4.11	5.07	23.48
Instant	Rs Bn	4.12	4.07	5.16	26.96
Total Tea exports Volume	Mn kg	292.66	265.57	285.87	7.64
Total Tea exports Value	Rs Bn	241.00	230.17	263.35	14.42

Source ; Sri Lanka Tea Board & Sri Lanka Customs

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 fulfill 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. Issuing quality certification for tea samples received through the regulatory and development activities and through the industry stakeholders are also covered by the Analytical laboratory of Sri Lanka Tea Board.

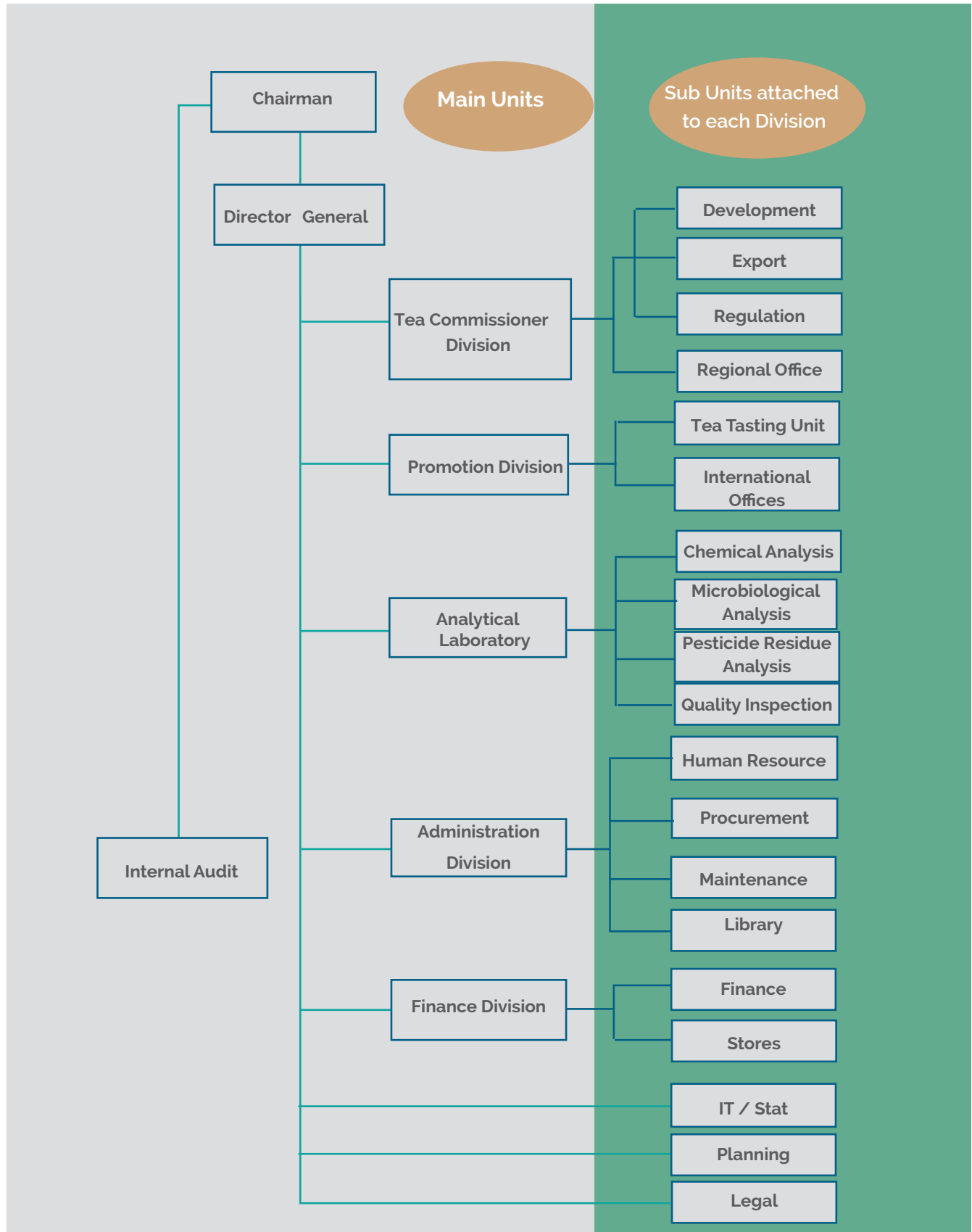
Promotional activities cover the promotion of Ceylon tea locally and globally in volatile economic situation throughout the world and changing consumer's consumption patterns and buying power. SLTB tries to position the Ceylon tea image as a premium product in the consumer's mind to secure the foreign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

As the policy decision are approved by and the board is represented by all major stake holders asserted.

Sri Lanka Tea Board is under the purview of Ministry including Plantation and financial functions are closely monitored by the Department of Public Enterprises recommendations and approvals for treasury grants.

2. Structure & Activities Undertaken



2.1 Tea Commissioner's Division

The Tea Commissioner's Division is one of the principal divisions of the Sri Lanka Tea Board headed by the "Tea Commissioner", appointed under the provisions of Sri Lanka Tea Board Law No.14 of 1975. The Tea Commissioner's Division administrates all matters connected with the regulatory & supervisory functions in terms of the Sri Lanka Tea Board Law No. 14 of 1975 and the Tea Control Act No.51 of 1957 in respect of Development, Manufacturing, and Disposing of the tea industry.

Functions of the Tea Commissioner's Division have been decentralized into seven regional offices, which are located in Gampola, Bandarawela, Ratnapura, Matara, Baduraliya, Galle and Nuwara –Eliya.

Tea Commissioner's Division is responsible for regularizing the activities in the tea sector for the betterment of the Tea Industry. For achieving the efficiency, the functions of the Tea Commissioner's Division are being carried out under three (03) main sections; Regulatory, Development and Export.

The Tea Commissioner's Division performs following duties in furtherance of the tea industry

- Registration/licensing and renewal of tea manufacturers and factories
- Registration and monitoring of green tea leaf dealers
- Registration and monitoring of refuse tea processing centers
- Registration of refused tea centers for auction rights
- Monitoring and advisory services for Tea manufacturing process, green tea dealers and refused tea centers
- Implementing programs for improvements of Green Tea leaf standards and minimizing post-harvest loses
- Granting subsidies for factory modernization and replanting(Including infilling and new planting)
- Monitoring of Reasonable price payments for green leaf suppliers at factory and dealer level
- Monitoring of Good Manufacturing Practices(GMP)in Tea Factories and warehouses
- Collection of statistics related to tea production and disseminating them to the related institutes
- Conducting Special investigations in tea factories, dealer centers & refused tea processing centers for controlling the malpractices in the tea sector
- Sending samples for testing received by Tea Board officers or Police
- Taking necessary actions according to the sample reports
- Issuing letters to the Police vesting powers for court cases
- Updating and renewal of the information under the program of Tea Land Registration
- Granting subsidies to the tea growers(above 10 acres) under the project of "Model Tea Land"
- Approving glyphosate for the tea lands
- Subsidy scheme for tea nursery project
- Introducing new reasonable price formula to the field
- Initiated Subsidy scheme for Bio-fertilizer project
- Initiated Subsidy scheme for Solar power project
- Initiated Subsidy scheme for Moisture Meters
- Initiated Subsidy scheme for Food safety certification (HACCP)

Regulations, which were framed under the section 25 of the Sri Lanka Tea Board Law No.14 of 1975 and delegated to the Tea Commissioner, are appended below.

- a) Sri Lanka Tea Board (Processing & Hygienic Standard for made tea) Regulations 1986
- b) Sri Lanka Tea Board Replanting & Factory Modernization Subsidy Scheme

Key Achievements

- Tea Replanting Subsidy of Rs.73.88 Million was granted for 359.68 Hectares.
- Tea Factory Modernization Subsidy was granted of Rs.15.6 Million for 35 factories
- The Model Tea Land Project was initiated for providing subsidies for the tea growers (above 10 acres). Under this Rs.13.85 Million was granted for 43 lands (persons)
- Continuation the activities relating to the tea land registration (Updating the information).
- Approving Glyphosate for the tea lands.
- Initiated the "Tea Nursery" subsidy scheme and Rs.84.57 Million was granted for 93 Nurseries.

Registration of Manufacturers and Factories

Under the Tea Control Act No.51 of 1957, the Tea Commissioner's Division maintains a Register of Manufacturers in relating to manufacturing of tea and the prescribed particulars relating to the tea factories of such manufacturers to be registered. The Tea Commissioner is having the authority to decide whether any person is entitled to be registered as a manufacturer in terms of the Act. Every tea manufacturer should register with the Tea Board for manufacturing and selling teas through Colombo auction.

All the factories manufacturing made tea are essential to register with the Tea Board in order to ensure that the building, equipment and manner of operations of the factory are of a standard conducive to the manufacture of good quality teas, assist in monitoring of quality of tea produced by the factory, enables control over the disposal of refused tea and implementation of reasonable price formula.

The registered tea factories can be categorized into four (04) types according to the manufacturing process, orthodox, CTC, Green and Artisanal (handmade tea) tea so on.

Every registered tea manufacturer should be produced their production data to the Tea Commissioner before 05th of next month using the format of "TC05" form formulated by the Tea Commissioner. Failure to do so, is a punishable offence according to the Tea Control Act no.51 of 1957.

Table 2.1.1 Classification of Tea Factories by Operation

Status	No. of Tea Factories			
	High	Medium	Low	Total
Confined to Own Leaf	56	17	2	75
Own leaf & Bought leaf				
a) Own leaf less than 50% at total production	13	36	94	143
b) Own leaf more than 50% of total production	63	26	16	105
Bought Leaf only	09	29	250	288
Registered Tea factories in operation	182	149	455	786
Registered Tea factories not in operation	19	54	77	150
Total number of Registered	201	203	532	936

Source ; Sri Lanka Tea Board

Reasonable Price Payable for Bought Leaf

Under the provisions of the Tea Control Act, the factories which are engaging in bought leaf manufacturing are required to pay for the bought leaf based on the prices of decided by the Tea Commissioner, having regard to the price fetched by made tea manufactured at those factories. The reasonable price payable by factories to green leaf suppliers is determined on the basis of monthly net sale average of such factories.

The proceeds from made tea are to be split between the leaf suppliers and factories in a ratio of 68:32. If factory sales average exceeds the monthly elevation average, the incremental revenues are shared in a ratio of 50: 50. The formula is based on an out turn ratio of 21.5% from green leaf to made tea.

Defaulted Payment

During the year under review the total defaulted payment for green leaf suppliers remained as Rs.808 Million, as at 1st January 2021. The Rs.31 Million also was recovered and paid to the leaf suppliers with the intervention of Tea Commissioner's division during the year 2021. Further accumulation of defaulted payment was interrupted by suspending their registration. If any factory was found as a defaulted payment factory for reasonable price of green tea leaf, the factory will be warned and if the defaulted amount not be paid, the registration of the factory will be suspended or canceled or claimed from broker as per the amended Tea Board Act 1993. The restoration of registration of such factories considered only after the settlement of the total defaulted payment.

Table 2.1.2 Status of Defaulted Payment (in rupees)

Region	Amount as at 2021.01.01	Amount added during 2021	Amount Recovered & paid	Balance payment due to smallholder as at 31.12.2021	Amount due from functioning factories	Amount due from closed Factories
Ratnapura	354,528,184.68	752,411.88	2,398,863.05	352,881,733.51	181,274,387.11	171,607,346.4
Matara	59,119,926.98	18,197,850.94	-	77,317,777.92	40,343,952.98	36,973,824.94
Gampola	156,869,053.81	30,833,958.85	413,359.03	187,289,653.63	169,698,990.9	17,590,662.73
Galle	138,650,982.87	43,764,545.02	-	182,415,527.89	127,763,670.12	54,651,857.77
Baduraliya	47,868,679.49	-	-	47,868,679.49	28,110,194.30	19,758,485.19
Nuwara-Eliya	28,041,398.12	2,390,863.11	11,599,180.68	18,833,080.55	14,296,007.29	4,537,073.26
Bandarawela	23,022,410.48	-	16,891,340.4	6,131,070.08	2,360,421.45	3,770,648.63
Total	808,100,636.43	95,939,629.8	31,302,743.16	872,737,523.07	563,847,624.15	308,889,898.92

Source ; Sri Lanka Tea Board

Quality Control of Green Leaf

As the green tea leaf is the raw material for made tea production, the quality control of green leaf is a vital fact for the manufacturing operations undertaken using bought leaf. If the quality green tea leaf are used in the manufacturing process eventually, the quality of the made tea would be increased and it would be an ultimate benefit for the both Tea Small holders as well as the tea manufacturers.

A Gazette notification has been published for Green Tea Leaf standards on 14th December 2010 by the Sri Lanka Tea Board. Green tea leaf is the raw material for made tea production. The Tea Commissioner's division is conducting following activities in order to improve the quality of green leaf.

- Licensing of Green Tea Leaf dealers
- The "B Leaf 60" program to improve the green tea leaf standard
- Rush Crop Management program during festival season
- The "Model Tea Land project"
- Subsidy scheme for Replanting
- The program of tea land registration
- Tea Nursery Subsidy Scheme
- Encouragement to promote use of organic inputs /fertilizer for tea

a) Licensing of Green Tea Leaf dealers

According to the Tea Control Act, it is required to obtain annual licenses from the Tea Commissioner's Division to deal in green tea leaf. Every registered green tea dealer is being monitored by the Tea Commissioner division.

Table 2.1.3 No. of Green tea licenses issued during 2021

Region	License dealers as at 01.01.2021	Renewals of Licenses	New Licenses issued	Licenses to deal in Green Tea Leaf as at 31.12.2021
Bandarawela	176	166	13	179
Gampola	170	159	32	191
Matara	272	251	14	265
Galle	267	234	08	242
Ratnapura	498	528	70	598
Baduraliya	254	219	31	250
Nuwara-Eliya	94	85	22	107
Total	1731	1642	190	1832

Source ; Sri Lanka Tea Board

b) The “B Leaf 60” program to improve the green tea leaf standard

This program is being implemented to improve the leaf quality by minimizing the post-harvest damage by improving the plucking standards and transport standard. At the beginning of this program the green leaf standard prevailed as 33% of Best Leaf, 32% of Below Best and 35% of Poor. The current green leaf standard at the field is the Best Leaf 34% Below Best 20% and Poor 46%. This program was implemented with the target of maintaining best green leaf standards (Best leaf standard) at minimum level of 60% at the field.

Table 2.1.4 : Regional wise green tea leaf standards in 2021

Region	Best	Below Best	Poor
Gampola	26	24	50
Galle	40	19	41
Baduraliya	37	17	46
Matara	46	15	39
Ratnapura	29	26	45
Nuwara-Eliya	28	21	51
Bandarawela	20	29	51

Source ; Sri Lanka Tea Board

The following strategies have already been implemented to achieve the target of this program.

1. Awareness Program for Stakeholders
2. Impose regulations on handling and transporting of green tea leaf

c) Rush Crop Management program during festive season

This project is designed to minimize the crop losses during festival season due to temporally closing down of tea factories for a longer period. This project was introduced in 2005 and since then the Tea Commissioner's Division was able to control the crop lose almost completely by introducing various activities under this program.

d) The “Model Tea Land project”

Project funds allocated from Generated Funds of Sri Lanka Tea Board. This project was carried out further successfully in this year and 24 lands and Rs.9 Mn were subsidized under this.

This project has been designed with a view to achieving following objectives.

- To promote semi-mechanized sustainable tea plantations in the tea sector in Sri Lanka (This is the main objective of the project)
- To increase the tea land and labor productivity in tea sector
- To harvest a constant and steady yield throughout the year
- To increase the optimum economic life of tea plantations
- To reduce the cost of production (It is expected to reduce leaf plucking cost by 60%)
- To maintain leaf standards at moderate level
- To introduce GAP standards into tea plantations enabling to obtain certifications (Eg: Rain Forest Alliance certification)

Table 2.1.5 Subsidy Payments for Modal Tea Land

Region	No.of applications received	No.of Lands paid	Amount paid (Rs.)
Bandarawela	01	03	1,050,000
Gampola	01	04	600,000
Ratnapura	02	08	2,300,000
Matara	-	07	2,250,000
Galle	01	05	2,450,000
Baduraliya	-	07	2,350,000
Nuwara-Eliya	-	09	2,850,000
Total	05	43	13,850,000

Source ; Sri Lanka Tea Board

e) The Subsidy Scheme for Replanting

Funds have been allocated by the Treasury for the tea development activities of the Sri Lanka Tea Board under domestic funds. The above allocated funds are utilized for the subsidy scheme of tea Re-planting during the year. Accordingly the subsidies are being granted for the corporate and private sectors & estates of more than 10 acres. The target is to be provided subsidy for tea replanting, new planting & infilling. Objectives of the scheme were as follows.

- Increase the tea production
- Increase the productivity of the tea land
- Maintaining the National tea replanting rate as 3%

Funds were available for the corporate and private sectors for replanting for the year 2021.

Table 2.1.6: Replanting Subsidy Payments for 2021

Region	No.of applications received	Amount Paid (Rs.)	Extent (Hec)	No.of inspections done
Gampola	53	22,549,810	104.41	179
Bandarawela	22	5,105,300	33.02	43
Ratnapura	62	13,449,500	55.69	191
Baduraliya	45	5,560,425	25.61	159
Matara	61	10,148,000	37.52	139
Galle	03	2,899,400	22.79	40
Nuwara-Eliya	39	14,165,500	80.64	74
Total	285	73,877,935	359.68	825

Source ; Sri Lanka Tea Board

f) The program of Tea Land Registration

All the tea lands of the Island are planning to be registered under this program. All the information regarding the tea lands are being computerized in a systematic way to the software program.

g) Tea Nursery Subsidy Scheme

A budgetary provision out of the Tea Board Funds for the year 2021 was allocated to be utilized as subsidy payments for the corporate sector and the owners of the estates who are having more than 10 acres of tea for setting up standard tea nurseries for this year. This subsidy scheme covers only the nurseries intended to setting up with minimum 100,000 tea plants at a time with a permanent structure including high shade and sprinkler irrigation system. Subsidy amount is Rs.1,500,000.00 for minimum 100,000 tea plants size nursery. Approved nurseries should continue minimum 3 years and nursery holder, owner of the estate or CEO of the regional Plantation Company should sign an agreement with Sri Lanka Tea Board prior to release the subsidy. All the nursery activities should be according to the Sri Lanka Tea Research Institute guidelines.

Table 2.1.7 Subsidy Payments for Tea Nursery Project in 2021

Region	No.of Nurseries paid	Amount paid (Rs.)
Bandarawela	05	3,425,000
Gampola	15	6,950,000
Ratnapura	23	23,150,000
Matara	19	16,250,000
Galle	10	10,450,000
Baduraliya	14	14,600,000
Nuwara-Eliya	07	9,750,000
Total	93	84,575,000

Source ; Sri Lanka Tea Board

(h)Encouragement to promote use of organic inputs /fertilizer for tea.

Sri Lanka Tea Board played a major role to educate the importance of adopting an integrated soil fertility management strategy, balanced nutrient policy and implement production of organic manure projects. As initial step started the Registration of existing bio-fertilizer manufacturing companies and conducted several knowledge-sharing sessions and obtained consent of willingness to share their technical knowledge and knowhow with new entrepreneurs. Two subsidy programs introduced to encourage the Bio/Organic producers.

Model Organic/Bio fertilizer Project- Subsidy amount -Rs.500, 000/=per unit.

Organic/Bio fertilizer General Project- Subsidy amount -Rs.300, 000/=per unit.

In addition, SLTB encouraged the Organic sector exporters by providing Trade fair subsidy scheme In parallel to global campaign for Ceylon tea it was highlighted the Organic products promotion trough the KOLs. SLTB promotion division plays a major role while obtaining the Organic certification for the Exporters

Table 2.1.8 Subsidy Payments for Bio Fertilizer Project in 2021

Region	No.of applications received	Amount Paid (Rs)	No.of Units
Gampola	33	2,600,000	09
Bandarawela	48	2,200,000	08
Ratnapura	31	1,100,000	04
Baduraliya	33	3,500,000	12
Matara	36	900,000	03
Galle	17	900,000	03
Nuwara-Eliya	49	300,000	01
Total	247	11,500,000	40

Source ; Sri Lanka Tea Board

Quality Improvement Activities

The appropriate conditions of the buildings, equipment, machineries and manner of operations are essential to maintain the good quality of made tea. Hence, if above conditions are not conducive to the manufacture of good quality made tea, The Tea Commissioner has the authority to suspend or cancel the factory registration of such under the Tea Control Act No 51 of 1957.

By the Tea control Act the Tea Commissioner's Division is empowered to monitor and improve the quality of tea manufacture and the following projects have been implemented in order to improve the quality of made tea.

- a) Factory Modernization subsidy scheme
- b) Establishment of GMPS in Tea Factories & warehouses
- c) Surprise Inspections(Task Team Operations- TTO)
- d) Low NSA Strategy
- e) Licensing of Refused Tea processors and Improving the Good Manufacturing Practices(GMP) at Refused Tea Centers
- f) Auction rights for Refused tea processors
- g) Other Development Projects

a) Factory Modernization Subsidy Scheme

Funds have been allocated by the Treasury for the tea development activities of the Sri Lanka Tea Board. The above allocated funds are utilized for the subsidy scheme of factory modernization for the corporate sector and private sector tea factories

Objectives of the scheme are as follows.

- (i) To increase the tea production
- (ii) To increase the quality of the made tea
- (iii) To introduce new technology to the tea industry
- (iv) To modernize the tea factories

Table 2.1.9 Subsidy Payments for Factory Modernization Subsidy Scheme 2021

Region	No.of applications received	No.of factories paid	Amount paid (Rs.)	No.of inspections done
Bandarawela	05	06	3,535,052.94	19
Gampola	23	09	4,289,413.33	47
Ratnapura	16	10	3,975,620.26	112
Matara	17	03	2,169,028.40	18
Galle	15	03	1,372,500	29
Baduraliya	14	-	-	24
Nuwara-Eliya	31	04	258,133.33	41
Total	121	35	15,599,748.26	290

Source ; Sri Lanka Tea Board

b) Establishment of Good Manufacturing Practices (GMPs) in Tea Factories

This program has been designed to provide necessary guidance for improving the quality standards of the manufacturing process of the tea factories.

Under this program, 442 assessments were done using pre decided checklist comprising of 187 check items and necessary actions were taken to improve the standards of tea manufacturing process accordingly

Table 2.1.10. Regional Wise GMP Assessments

Region	Assessments of GMP	No. of factories in Grades			
		Excellent	Good	Average	Poor
Bandarawela	59	18	13	-	-
Gampola	37	15	20	01	01
Ratnapura	20	37	43	08	00
Matara	26	50	38	01	00
Galle	99	41	48	10	00
Baduraliya	166	25	21	03	00
Nuwara-Eliya	35	14	14	07	00
Total	442	200	197	30	01

Source ; Sri Lanka Tea Board

The Tea Commissioner's Division is practicing the policy that the factories in poor grades are not allowed to renew the factory registration since 2019

c) Surprise Inspections(Task Team Operations- TTO)

Task Team Operations are being conducted to control the malpractices in the tea Industry. A team headed by ATC is handling the operations. 168 Surprise inspections were carried out at tea factories by the field officers of the Tea Commissioner's Division during the year 2021.

Table 2.1.11 Task Team Operations in 2021

Region	No of Inspections done
Bandarawela	13
Gampola	52
Ratnapura	15
Matara	14
Galle	28
Baduraliya	23
Nuwara-Eliya	23
Total	168

Source ; Sri Lanka Tea Board

d) Low NSA Strategy

This is a project which designed for tea factories that are in the lowest rungs of the NSA ladder. The objective of the project is to bring up the NSAs of these factories to higher levels by improving the standards of green tea leaf and the standards of tea manufacture. Under this program, tea factories are categorized into four groups; poor, best & excellent likewise. According to the policy established, there can't be poor factories prevailed in the field since 2019.

e) Licensing of Refused Tea processors and Improving the Good Manufacturing Practices (GMP) at Refused Tea Centers

Processing of refused tea is a procedure of extracting consumable tea from un-denatured refused tea. Every refused tea dealer has to register in the Sri Lanka Tea Board as a refused tea processor. A scheme for issuing permits for the refuse tea processing centers has been established as per the no.51 of the tea control act of 1957. The GMP program is being carried out to provide necessary guidance for improving the quality standards of the Refused Tea Centers.

Table 2.1.12 No.of refused tea processing centers & no.of permits & quantity Issued for 2021

Region	Registered Processors as at 01.01.2021	Renewals during the year	Newly issued during the year	No of Processing Centers as at 31.12.2021	No of Permit Issued as at 31.12.2021	Refused tea Qty.bought by the dealers through the permits (Kg)
Bandarawela	01	01	00	01	1,196	4,920,176
Gampola	184	119	01	120	1,660	7,821,383
Matara	09	03	01	04	554	1,873,462
Galle	16	03	00	03	790	2,770,191
Ratnapura	03	03	01	04	1,480	6,256,417
Baduraliya	11	08	01	09	1,042	4,216,293
Nuwara-Eliya	05	02	00	02	2,101	13,021,001
Total	229	139	04	143	8,823	40,878,923

Source ; Sri Lanka Tea Board

f) Auction rights for refused tea processors

A system has been planned for granting approvals to the auction rights for the Refused Tea Processors. For applying auction rights, the Refused Tea Processing Centre should maintain 80% of GMP standard. The objectives for granting approval to the refused tea processors for the auction rights are as follows.

- Giving market to the refused tea
- Improving the quality of the refused tea
- Monitoring the quality of the refused tea
- Preventing the illegal practices on refused tea market and arranging legal procedure to it
- Arranging systematic procedure for disposing absolute refused tea

Thirty (30) refused tea processing centers were newly granted auction rights in 2021. There were 50 centers having auction rights in 2021 altogether.

g) Other Development Projects

In this year new subsidy schemes were introduced for Installation of Solar Power at Tea Factories & Exporter Warehouses (20 factories and 3 warehouses with Rs.6.16 Million were subsidized under this) , Moisture meter distribution(05 factories were subsidized under this), HACCP/ISO Food Safety certification and Installation of new machineries at the Exporter warehouses.

Table 2.1.13 International Certification of Tea Factories

Region	HACCP (No.of factories)	ISO 22000 (No.of factories)	Other International Certification(RA/CQC) (No.of factories)
Bandarawela	51	16	13
Gampola	14	14	04
Ratnapura	42	43	10
Matara	27	43	07
Galle	43	43	00
Baduraliya	06	09	06
Nuwara-Eliya	04	97	15
Total	187	265	55

Source ; Sri Lanka Tea Board

2.2 Tea Exports 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 Tea Export Section performs duties relating to registration of tea exporters, tea packers, warehouses, importers, types of tea packs, retrieval of tea, monitoring of minimum quality standard for tea, authorization of export of tea, compilation of statistics on the export of tea and monitoring of export of tea under bilateral Free Trade Agreements (FTAs) of Sri Lanka. Further to that following main operations were continued throughout the year 2021.

Sri Lanka Tea Board - Sri Lanka Customs joint investigation are conducted on the tea consignments at Sri Lanka Customs Exports Facilitation Center (EFC) to sustain the superiority of tea exportation. Further to that, to safeguard and improve the quality of tea processing at all exporter warehouses, it was declared that the HACCP quality certification is a mandatory requirement for the all warehouse to process their operations and Good Manufacturing Practices (GMP) assessment are carried out at the all exporter warehouses. Since 2015, Export Division started to issue GMP certification for Iran tea exports.

In 2021, Sri Lanka Tea Board introduced an interest subsidy scheme to encourage export packaging factories to undertake investment in modern technologies that could enhance product diversification, quality improvement, high value addition and operational efficiency etc. to fulfill consumer needs and wants in the global tea market.

Registrations

One of the key duties of the Tea Export Unit is the registration and renewal of Exporters, Packers, Warehouses and Importers. A person or company who wishes to register as a tea exporter should have to satisfy minimum eligibility criteria such as valid business registration, registered warehouse (for storing, blending and packing of tea), a qualified tea taster with tea tasting facility and with a minimum capital (invested/paid up) of a least Rs. 1.0 Million.

In terms of the Sri Lanka Tea Board Regulation (Registration of Tea Packers) 1986, published in the Gazette Extra-ordinary No. 386/13 of 28th January, 1986, any person who engages in the business of packing tea for domestic consumption or in other forms of packaging it is essential to register with the Sri Lanka Tea Board. Every registration is valid only for one year period and required to renew the registration on annual basis. Any entity registered as an exporter of tea under Tea (Tax & Control of Exports) Act no. 16 of 1959 is eligible to register as an importer of tea.

Table 2.2.1 Registration Statistics of Exporter, Packers, Warehouse, Produce Brokers and Importers - 2021

Registrations	As at 01.01.2021	During year 2021 (New Registrations & Companies not renewed within the year)	Total No. as at 31.12.2021
Exporters	357	New Registrations : 45 Not Renewed during the year : 1256	369
Packers	803	Exporter/Local packer new registration : 161 Not Renewed during the year : 1818	691
Warehouse	194	Warehouse new registration : 31 Not Renewed during the year : 45	194
Importers	117	Importer new registration : 06 Not Renewed during the year : 125	102
Produce Brokers	8		08

Source ; Sri Lanka Tea Board

In terms of the Sri Lanka Tea Board Regulation (Warehousing of Tea) 1984 published in Government Gazette Extraordinary No. 326/17 of 05th December, 1984 as amended by the Gazette Nos. 410/11 of 10th September, 1986, No. 1280/8 of 20th March, 2003, warehouses used for the storage of any quantity of tea in excess of 1000kgs of tea of any one time, and which the Sri Lanka Tea Board considers satisfactory for the purpose of storing tea, shall be registered with the Sri Lanka Tea Board 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.

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 inspect the tea consignment/s, ready to export to ascertain whether the tea in concern is in line with required standards for export

Having considered the importance of obtaining renewal certification for all registered tea exporters for their documentation purpose, we conducted a one day certificate renewal service to issue certificate for the year 2021.

Importation of Tea

The Sri Lanka Tea Board has issued 524 of import permits for Importation of 7,130,864.37kgs of tea However; the actual quantity of import was 6,358,679kgs during the period under review

Table 2.2.2: Actual imports - January -December 2021

Country	Type	Imported	CIF	Value
		Qty. (Kgs)	Value (Rs.)	Rs.
China	Green Tea	1,725,601	497.81	859,013,210
	Special	138,401	885.89	122,608,210
	White Tea	10,065	1,032.16	10,388,687
	Decaffeinated Tea	205	3,520.13	721,627
Sub Total		1,874,272	529.66	992,731,734
India	CTC	888,669	393.51	349,702,389
	Special (Black Tea)	809,647	917.12	742,545,616
	Decaffeinated Tea	33,800	605.33	20,460,135
	Green Tea	2,255	1,616.00	3,644,080
	White Tea	27,000	382.08	10,316,160
Sub Total		1,761,371	639.65	1,126,668,380
Japan	Special	261,040	948.29	247,540,504
	Green Tea	3,365	3,400.18	11,441,595
Sub Total		264,405	979.49	258,982,099
Taiwan	Special	50	10,762.38	538,119
Sub Total		50	10,762.38	538,119
Uganda	CTC	13,480	324.05	4,368,194
Sub Total		13,480	324.05	4,368,194
Myanmar	Green Tea	3,280	30.89	101,312
	CTC	350	0	0
Sub Total		3,630	27.91	101,312
Germany	Green Tea	4,305	2,187.34	9,416,489
Sub Total		4,305	2,187.34	9,416,489
Indonesia	CTC	49,500	451.64	22,356,180
Sub Total		49,500	451.64	22,356,180
Kenya	CTC	2,387,666	354.07	845,389,153
Sub Total		2,387,666	354.07	845,389,153
Grand total		6,358,679	512.77	3,260,551,660

Source ; Sri Lanka Tea Board

Maintenance of Minimum Quality Standard ISO 3720 for Made Tea

The Tea Tasting Unit of 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 2021

Type of sampling	No. of samples drawn	No. of cases detected as below ISO and contamination
Pre auction samples drawn by export division	5067	2424
Pre auction withdrawals (by the panel)	1934	
Post Auction	337	25

Source ; Sri Lanka Tea Board

Made tea found to be unsuitable for human consumption at the levels of pre-auction, pre-shipment and special investigations are denatured under the supervision of the Export Section. This section has denatured 200,566.32Kgs of made tea identified at all levels above in 2021.

SLTB has taken decision to evaluate all tea lots which are valued less than Rs. 300 in the auction to ensure the quality of teas. This is monitored every week.

Recently, a decision has been taken to release withdrawn tea lots based on the conditions approved by SLTB board. The tea lots which are present with only high crude fiber 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 and the tea lots which are microbial contaminated could be directed to instant tea production with the consent of registered tea manufacturer.

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.

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 2021.

Table 2.2.4: Utilization of TRQ under the FTAs 2021

FTA	Quota per annum (kg)	Total exports(kg.)
India – Lanka	15,000,000.00	74,006.46
Pakistan – Lanka	10,000,000.00	34,710.00

Source ; Sri Lanka Tea Board

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

Sri Lanka Tea Board has launched an interest subsidy scheme in which exporter is entitled for an interest subsidy of maximum 50% of the interest payable to the exporter up to five million rupees per annum for a period of 5 years and the maximum ceiling of a rate of 10% interest. The objectives of the subsidy scheme were to enhance product diversifications, quality improvement, high value addition, to fulfill consumer needs and wants in the global tea market. 16 exporters have submitted their applications in 2021 to install brand new machines in their warehouses under the scheme and agreements have been signed with six exporters.

2.3 Tea Promotion Division

Tea Promotion Division of Sri Lanka Tea Board launched many Ceylon Tea promotional programs during 2021 with the focus of promoting Ceylon Tea as a global beverage.

It is worth to say, with the foreseen and enthusiastic effort by the team attached to the promotion division could overcome the barriers arisen due to COVID 19 pandemic. Especially the barriers occurred for physical gatherings for organizing promotional programs and the team was able to convert the barriers as an opportunity during the journey of bringing Ceylon tea as the most aspired beverage in the world via digital/social media. The Tea Promotional Units which operate outside the country and located in Moscow (Russia/CIS), Beijing (China) and Dubai (Middle East / North Africa) also conducted many physical programs for Ceylon tea promotion in regional basis. The Promotional and Marketing Committee (PMC) that represent the tea exporters in Sri Lanka provided an ample guidance by directing timely advices to launch the promotional strategies in more customer oriented and effective manner in voluntary basis. The coordination and support given by foreign ministry and Sri Lankan missions established outside of the country, were immeasurable specially during the global pandemic season.

The Promotion & Marketing Levy was introduced under the Sri Lanka Tea Board Law No. 14 of 1975 through the extraordinary gazette no 1677/14 on 27th October 2010 and came in to operation from 1st November 2010 for the purpose of engaging in activities related to tea promotion and marketing strategy, within and outside of the Sri Lanka. But during the year 2021, the board approved the requested funds for tea development activities in the tea sector, considering the importance of implementation for the industry sustainability such as establishment of tea nurseries, Compost/Bio fertilizer producing plant, solar panel interest subsidy and many development programs parallel to promotional expenditure.

Main Functions of the Division

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

- i. Uni-national Promotion of Ceylon Tea
- 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. Introduced 5% incentive scheme for Value added tea exporters revenues
- xii. Local Tea Promotions

Uni-National Promotion of Ceylon Tea

Uni-National Promotion of "Ceylon Tea" relates to the publicity and advertising of Sri Lanka tea against other origin teas. The Tea Board launches Uni-national promotion campaigns for Ceylon Tea in foreign markets through the Overseas Tea Promotion Units and Commercial Sections of Sri Lanka Missions abroad. Media advertising (ATL & Social/Digital), outdoor advertising, liquid tea services, tea workshops and seminars as well as other public relation activities are the main elements of uni-national promotion activities carried out by the Board.

Ceylon Tea Product Positioning Strategy

Authentic- sustainability credentials

- It's important the tea that I buy is a genuine product
- Meeting sustainability credentials-both environmental and social well-being

Health & Wellness-purity of Ceylon tea

- I buy healthy food that are good for my diet
- I make sure I eat well-balanced nutritious meals

Premium Ceylon tea

- I often pay more for good quality food & beverage
- Even though the price is more expensive , I still like to buy authentic brands

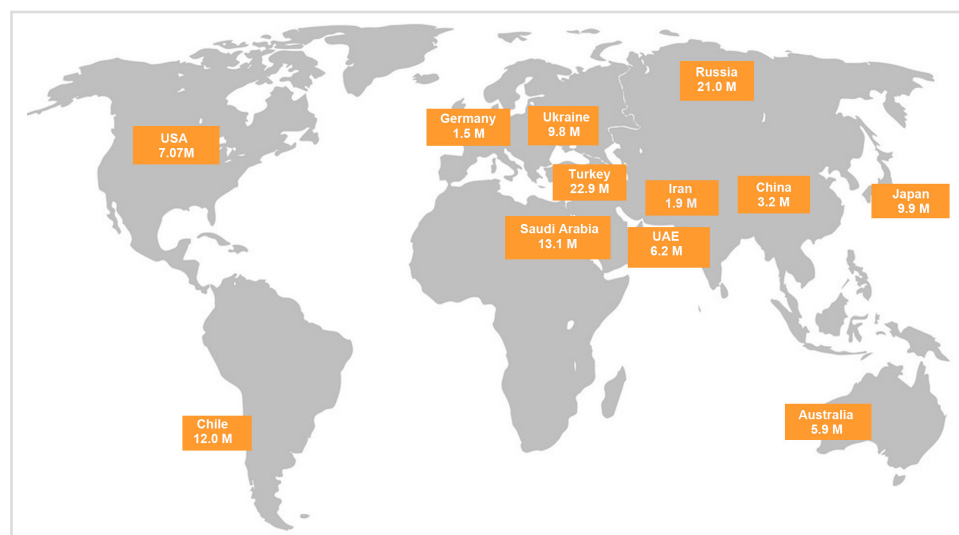
Ceylon Black Tea Global Campaign

Accordingly, the campaign was the most timely launched campaign during the year 2021 from Colombo joint with the International Advertising Agency, with the aimed at boosting "Ceylon Tea – The World Favorite Tea" though social media platforms to re-establish image of Ceylon Tea and to enhance awareness of the Ceylon Tea among 'end consumer' internationally and building an image for Ceylon Black Tea as a unique beverage for wellness & immunity boosting, to re-establish image of Ceylon Tea to be the 'Finest Tea in the World' and to enhance awareness of the health benefits for Black Tea.

The campaign carried the messages of consumption of Black Tea as an immunity booster (based only on proven scientific evidence & research),hot tea drinking (without sugar & milk) related to the wellness factor, relaxation at home with the family during the lock-down enjoying a hot cup of plain Ceylon Tea and embrace Ceylon Tea during social distancing with love and kindness. It was a social media campaign and used Online platforms like Face Book, Twitter, Instagram, YouTube, Yandex, We-chat, Baidu, Etc to cater more target audience.

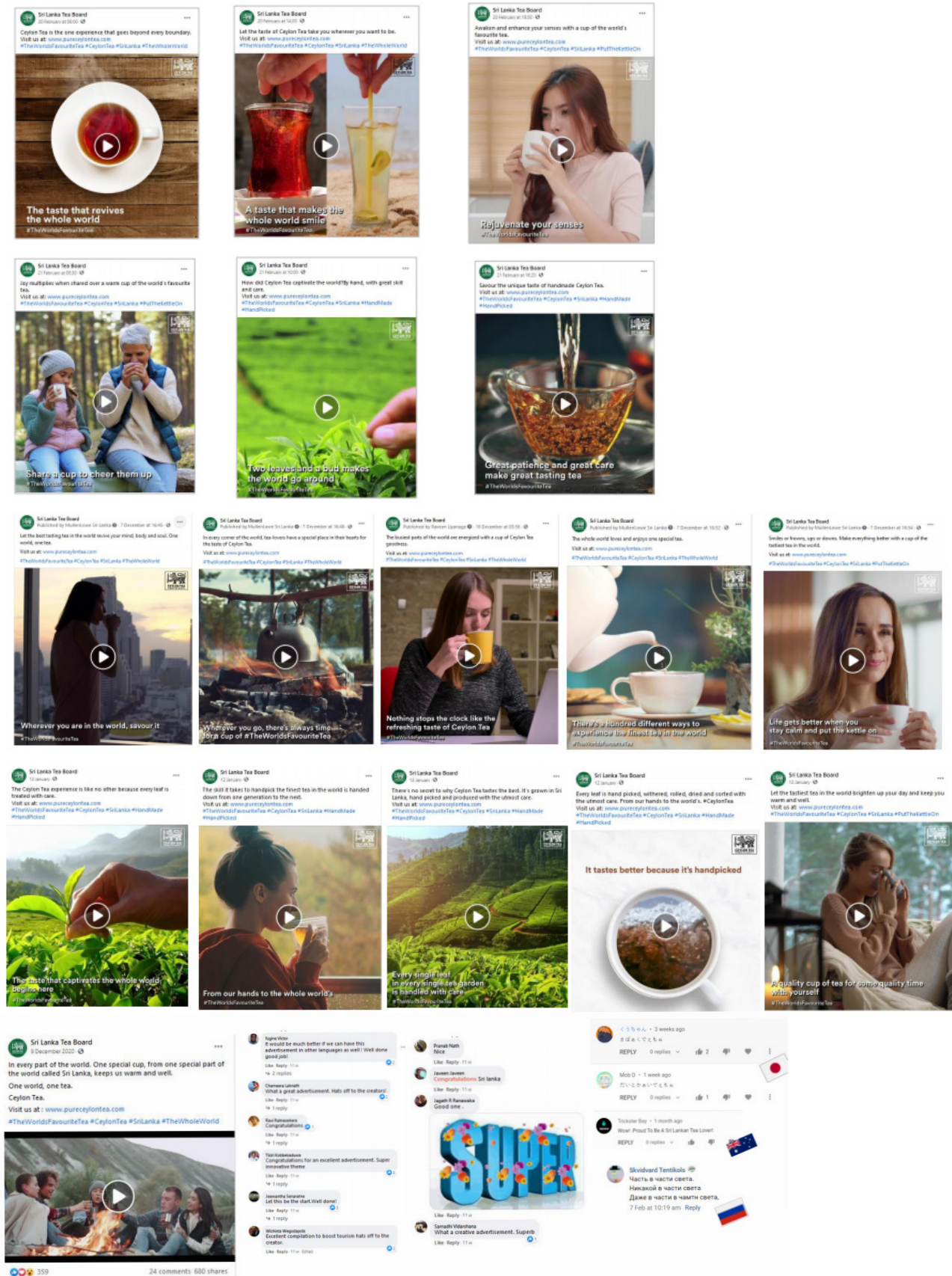
Map 2.3.1 Global Reach Index of Ceylon Tea Global Campaign

Ceylon black Tea promotion campaign was kick offed in January 2021, with a total investment of Rs.35million aimed at boosting "Ceylon Tea – The World Favorite Tea" though social media platforms. The 12 targeted countries were Russia, Ukraine, Japan, China, Germany, the USA, Chile, Australia, Saudi Arabia, Turkey, United Arab Emirates, and Iran.



Source: www.facebook.com/globalreachmatrix, 2021

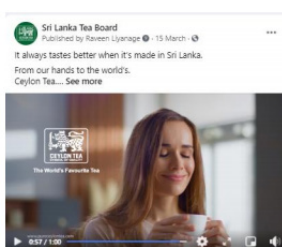
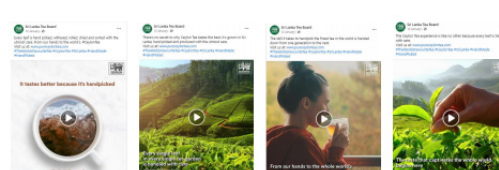
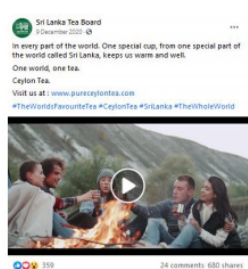
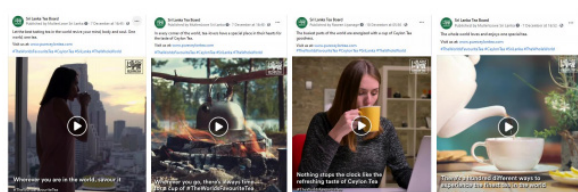
Impact on a Global Scale



Social Media - UK Campaign

The UK Campaign was implemented targeting UK market with objective of regaining the lost market investing of USD 10,000 aimed at boosting "Ceylon Tea – The World Favourite Tea" through social media platforms such as Face book and Instagram. The digital creations made for the Black Tea Campaign were used this campaign.

Map 2.3.2: Impact on UK



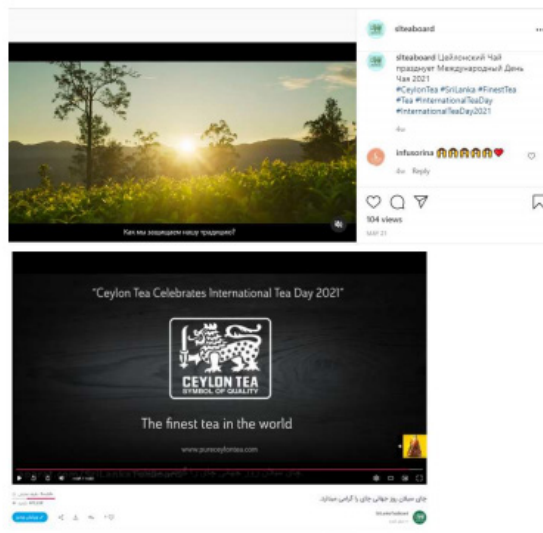
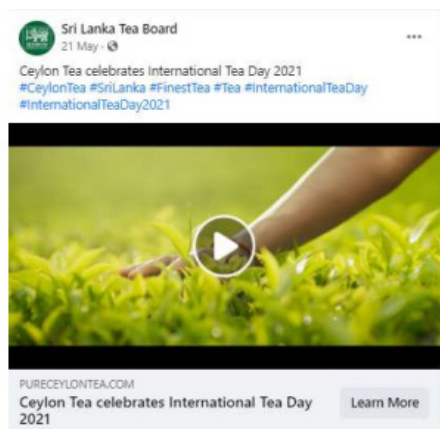
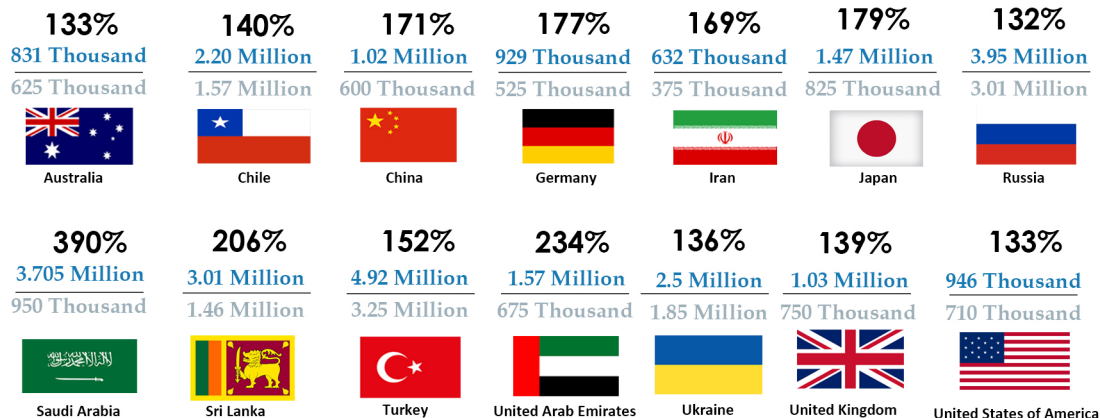
Social Media Campaign - International Tea Day

Sri Lanka Tea Board celebrates International Tea Day annually on the 21st May in order to express the economical, biological and physical benefits of tea. The 2nd International tea day was scheduled to be celebrated on 21st May globally under the theme of "Tea and Fair Trade".

Considering the pandemic situation around the world, Sri Lanka Tea Board ran a digital campaign for a period of ten days commencing from 21st May 2021. There were fourteen countries targeted and there were Russia, Ukraine, Japan, China, Germany, the USA, Chile, Australia, Saudi Arabia, Turkey, United Arab Emirates, Iran, UK and Sri Lanka.

TOTAL COUNTRY REACH

Achieved projected in 10 day campaign



Long Term Campaign: Global Promotional Campaign

The Ceylon Tea global promotional campaign has focused to launch in 12 identified target markets to promote Ceylon Tea; namely, Russia, Ukraine, USA, Japan, China, Germany, Australia, Chile, Saudi Arabia, Turkey, UAE and Iran.

Tenders had been called for three agencies to handle the three components consisting of:

- creation part of the campaign and production materials required.
- media component which includes media planning, scheduling and media buying; and
- public relations campaign.

Having considered present global situation, PMC decided that the campaign would be better to be execute through Social/Digital platforms for the time- being. However, the PMC gave the green-light to implement the campaign from

Russia and Ukraine where Search Engine Marketing and Key Opinion Leader promotion campaign (influencer Marketing Campaign) will be applied with the objective of assessing the success of the campaign. Accordingly;

- Cabinet approval received for KOLs hiring and managing tender selections and Search Engine Optimization in March 2021 to execute the Global Advertising Campaign in Russia and Ukraine. The Department of Attorney General and Foreign Ministry approvals were obtained for Contract agreement also.
- Procurement proceedings were started for selecting a suitable agency to execute the Global Campaign in Japan from August 2021 and Bids were called from Japan December 2021
- Media execution plans were completed for Japan, China and Germany in 2021
- Finalized the seven languages websites for Global Campaign and established "where to buy" facilities

Trade Fair Participation

Sri Lanka Tea Board facilitated the participation of Sri Lankan tea exporting companies in international trade fairs in selected markets promoting 'Ceylon Tea' as a national brand and also the individual brands of participating companies. The Sri Lanka Tea Board subsidy covers 50% of the cost on space rental and construction of the booth. The balance cost and other expenses have to be borne by the selected participants.

Due to the pandemic situation, Sri Lanka Tea Board facilitated and participated below trade fairs and follow-up with Cancellations / Postponements of other trade fairs scheduled during 2021.

• **Gulfood 2021 in Dubai**

Sri Lankan Exporters make a successful participation at "Gulfood 2021" in Dubai. Eleven Sri Lankan exporters in the food & beverage sector participated in the Sri Lankan pavilion, which was held from 21-25 February 2021 in Dubai World Trade Centre in Dubai, UAE.



• **Ceylon Tea Promotion at WORLD EXPO DUBAI**

The World Expo Dubai took place in Dubai from 01st October 2021 to 31st March 2022. At the six-month exhibition, there are 190 nations exhibiting under the theme called "Connecting Minds, Creating the Future". The Expo also has three subthemes: opportunity, mobility and sustainability each with its own pavilion. The event is expected to be visited by around 25 million people from all over the world. The Sri Lanka national pavilion at the Expo comes under the subtheme of 'Opportunity' and the Sri Lanka participation at the Expo was organized by Sri Lanka Tourism Promotion Bureau.

Having identified the importance of the Middle East market for Ceylon Tea, currently the region absorbed around 55% of total Sri Lanka's total tea exports, and need for reinforcing its position in the region, the Sri Lanka Tea Board joining with Sri Lanka Tourism Promotion Bureau had been making arrangements to promote Ceylon Tea throughout the six months period of the Expo under the Sri Lanka pavilion. Under the Sri Lanka pavilion, a separate area has been allocated to run a Ceylon Tea promotional corner where the location is equipped with a LED Screen to run Ceylon Tea promotional videos and images of Ceylon Tea Lion Logo and other graphical representations to highlight the uniqueness of Ceylon Tea. The Ceylon Tea tasting sessions and liquid tea services also arranged for the visitors to enjoy the real taste of Ceylon Tea throughout the Expo.

Visitors are able to unravel the secret of the world-famous Ceylon Tea, from leaf to cup, and enjoy a fresh cup of tea on their journey along the pavilion at the special tea corner courtesy of the Sri Lanka Tea Board.



• PRODEXPO-2021

Ceylon Tea Promotion at the 28th annual international exhibition of food products, beverages and raw materials used for its production – "PRODEXPO-2021" – kicked off on April 12, 2021 at the "Expo Centre" in Moscow and lasted for five days until April 16, 2021.

The Ceylon Tea stall attracted hundreds of visitors, which was featuring teas from seven unique regions in Sri Lanka and major tea grades popular in Russia. The famous Ceylon tea brand JAF Tea from Jafferjee Brothers also participated at the exhibition displaying their products at the next-door booth. Visitors were offered a fresh cup of Ceylon tea by Russian tea demonstrators dressed in traditional Sri Lankan Osari.

• **World Food Moscow 2021**

Exhibition took place at the IEC "Crocus Expo" from 21st to 24th September 2021. Together with the TPU Moscow, Ceylon Tea Land Pvt Ltd. and Kaushalya Tea Exports Pvt Ltd also took part in the Ceylon Tea Pavilion.

"World Food Moscow" is the largest autumn food exhibition in Russia with a wide range of affordable and high-quality food products. This year, more than 600 Russian and foreign food and beverage manufacturers and suppliers presented their best new products to a large audience of food market specialists. The Ceylon Tea pavilion attracted a large number of visitors who were eager to learn more about Ceylon Tea. The stand was the only stand with hot tea cupping featuring Ceylon tea from the seven unique regions in Sri Lanka.

• **Peterfood 2021 Exhibition, Saint-Petersburg**

Sri Lanka Tea Board participated at the 30th Jubilee exhibition of food products "Peterfood", which took place from 16th to 18th November 2021 at the Expoforum in Saint-Petersburg city. "Peterfood" is the main food exhibition of North-West of Russia and Saint-Petersburg is the 2nd largest city in Russia with the highest share of retail trade in Russia (more than 80%, this is indicator on average European level).

• **World Food Ukraine 2021 – Kyiv**

Exhibition took place at the International Exposition Centre in Kyiv from 2nd to 4th November 2021. Together with the Sri Lanka Tea Board UHE Exports (Pvt) Ltd also took part in the exhibition. The exhibition is focused on the manufacturers and suppliers of food products and beverages, processing companies, distributors, exporters, importers, food products retailers, restaurant businesses of Ukraine and other countries.

• **Sri Lanka Tea Board Participates at "Coffee Tea Cacao Russian Expo 2021" in Moscow**

Addition to the expo annual national qualifying championship – Tea Master Cup (TMC) Russia, one of the most attractive Tea related activity in the country was held within the framework of this Expo. The objectives of the event were to generate high tea culture, development of tea professionals, improve the demand for teas in Russia.

• **Damascus International Trade Fair-Syria**

The Embassy of Sri Lanka to Lebanon & Syria and the Sri Lanka Tea Board participated at the International Bazaar in Damascus, by exhibiting Ceylon Tea and handicrafts on 09th October 2021 at the Dama Rose hotel in Damascus Syria. The International bazaar had a participation of 19 countries and Sri Lanka stall had prominence.



• **World Tea Expo - USA**

The Sri Lanka Tea Board with the assistance of the Consulate General in Los Angeles participated at the World Tea Expo - 2021 in June, 2021 in Las Vegas. The World Tea Expo is the largest annual conference and trade show in North America related to tea industry. The Deputy Consul General represented the Sri Lanka Tea Board at this annual exhibition this year.

• **"Ceylon Products-Growing Friendship" Exhibition & Tea Stakeholders' Gathering in Tehran - Iran**

Sri Lanka Embassy in Iran in collaboration with Sri Lanka Tea Board organized an Agricultural Export Exhibition-2021 "Ceylon Products-Growing Friendship" together with a Tea Stakeholders' Gathering at the Chancery premises on 06th

December 2021. Over 75 invitees comprising of relevant stakeholders, including tea associations, leading importers, retailers, and prominent businessmen and media personnel were in attendance. Objectives of the event were to promote Sri Lankan tea and other agricultural export products in Iran and interact with the relevant stakeholders.



• Ikebana International Fair 2021 – Japan

Sri Lanka Mission participated at the Ikebana International Fair 2021 held on 14 December 2021 at the Royal Park Hotel. The fair was patronized by HIH Princes Takamado, who visited the Sri Lanka booth and purchased a box of Ceylon Tea. Sri Lanka stall attracted a high volume of visitors and raised JPY 80,500/- which was donated to the Organizers of the Ikebana International Fair to Charity works.



Ceylon Tea promotion at World food Istanbul Trade Fair – Turkey

- Ceylon Tea Promotions at the 54th Cairo International Fair from 30th September to 08th October 2021.
- Sri Lanka Tea Board facilitated the participation of World Food Warsaw & Summer Fancy food in virtual mode.

Brand promotion scheme

Sri Lanka Tea Board introduced a brand promotional subsidy scheme for 2021/2022. As per the scheme, Pure Ceylon Tea brands which carry Lion Logo will be promoted by providing matching grants (50% of the promotional spend). Only Sri Lankan owned tea brands which have been registered in Sri Lanka by the Director General, National Intellectual Property Office, are eligible for promotional assistance under this scheme. The scheme funded from the Promotion and Marketing Levy contributed by tea exporters under Gazette No. 1677/14 of 27 October, 2010. A budgetary provision of one billion rupees has been allocated for 2021/2022.

The Board of Directors of the Sri Lanka Tea Board approved a Brand Promotion Scheme for private Sector tea exporters under the Sri Lanka Tea Board umbrella for the year 2021/2022 at its meeting held on 25.11.2020. Accordingly, Sri Lanka Tea Board submitted a proposed scheme to the Cabinet on 06.08.2021 and the approval of the Cabinet of Ministers was received on 17.08.2021 for the implementation of the Brand Promotion Scheme.

Applications were called from registered tea exporters through the public notice on 09.09.2021. Accordingly, 70 applications were submitted by 25 companies. During the period under review, 65 agreements were signed between 22 selected private sector companies and Sri Lanka Tea Board for the Brand Promotion subsidy scheme for the year 2021/2022.

Promotional Events and Activities

Following initiatives were taken to increase Ceylon Tea awareness in international markets and facilitates the exporters to increase the exports. Limited promotional activities carried out during the year due to the effect of the pandemic.

Activities with Embassies

- Ceylon Tea Promotions at Shopping Complexes in Ankara, Turkey.

Sri Lanka Tea Board with the assistance of Sri Lanka Embassy in Turkey commenced a Ceylon Tea promotional program in identified main shopping malls namely "Panora" and "Natavega" in Ankara, Turkey by displaying premium Ceylon Tea products and banners/posters to make the consumer aware on Ceylon Tea. Further, the Ceylon Tea tasting sessions have also been also conducted for the visitors to enjoy genuine Ceylon tea.



- Distribution of Gift teas & Promotional Materials ("Sri Lankan Night" at Curiocity hotel in Kuwait)
- International Tea celebration Event conducted by Sri Lanka High Commission in Melbourne.

Special "Ceylon Tea Evening" organized by the Consulate General of Sri Lanka in Melbourne. The event was attended by a multitude of distinguished personalities in Melbourne, including MP and the Co-Chairperson of the Sri Lanka Friends in the Victorian Parliament Craig Ondarchie, Chairperson of the Victorian Multicultural Commission Vivienne Nguyen, Executive Director of the Australian Intercultural Society Ahmet Keskin, Former Deputy Chairperson of the Australia Tourism Andrew Fairley, CEO of the Australian Tea Masters Sharyn Johnston, tea importers, members of the Consular Corps, bankers and media persons.



- Celebrations of International Tea Day 2021

Ceylon Tea Presence at celebrations of International Tea Day 2021 at Sofa Summit (Canada), FAO/IGG Tea Group, Global Summit (India) and International Tea Day Initiative for Tea Industry Development (China)



- Sri Lanka Tea Board was the Premium sponsor to Tea & Tea Products sector in NCE Exporters Awards
- Ceylon Tea Sponsoring England vs Sri Lanka Cricket 2021 with the Strategic Approach for Regaining the UK Tea Drinkers



- Meeting with Saudi Food and Drug Authority (SFDA) regarding the ban on importation of Ceylon green tea into KSA
- Bilateral Trade meetings with the relevant Governments to reduce import duty & non-Tariff barriers (India / Pakistan / Turkey / Iran etc)
- Introduce 5% incentive scheme for exporters to encourage value added tea exports

This scheme was introduced to encourage the value-added exports and obtain the higher FOB for Ceylon Tea exports. Further, this scheme is supporting to positioning and presence of the Ceylon Tea Brands in overseas markets also. In addition to the above objectives, this scheme is motivating the Tea Exporters to "Rise, Rebuild and Regain" the Economy as well. The scheme was circulated to the trade on 22nd February 2021 to registered tea exporters and 74 applications were received for the scheme.

• Tea for oil Dept Settling mechanism with Iran

Iran's support to increase tea exports by Target setting for "Tea for Oil Debt Settling Mechanism" with Iran, Tender call for Auditing purposes and the cabinet approval was obtained to sign the agreement with Iran and finally the agreement was signed. The Ministry of Plantation of the Democratic Socialist Republic of Sri Lanka and the Ministry of Industries, Mines

and Trade of the Islamic Republic of Iran desires to formulate a scheme for the settlement of a sum of US\$ 250,925,169 outstanding from Ceylon Petroleum Corporation to National Iranian Oil Company by means of utilizing the said sum to facilitate the export of Ceylon Tea to Iran by signing a Memorandum of Understanding (MoU). The MoU was signed on Tuesday the 21st December 2021 at the Foreign Ministry.

This MoU was signed by Hon. Dr. Ramesh Pathirana, Minister Plantation of Sri Lanka and Hon. Alireza Paymanpak, Deputy Minister of Industry, Mine and Trade of Islamic Republic of Iran. The MoU is a form of mutual commitment in complimenting each other's duties and function in the Formulation of a Scheme for the Settlement of Sri Lanka's Oil Outstanding to the Islamic Republic of Iran through the Exportation of Ceylon Tea.



Sri Lanka will be in a comfortable position to serve Iranian tea market until the entire USD 250,925,169.00 is utilized and the debt payment to Iran is settled while reimbursing the Sri Lanka tea exporters in SL Rupees. This scheme will not violate any UN or US sanctions since tea has been categorized as a food item under humanitarian grounds while none of the black listed Iranian Banks will be involved in the equation. Further, the recommended scheme will save Sri Lanka much needed foreign currency since the settlement to Iran would be made in Sri Lankan rupees through the sale of Ceylon Tea. Similarly, proposed sale of tea will not generate foreign currency as the tea exporters in Sri Lanka will be paid in local currency.

- **Facilitating to expanding the market share of specialty teas in USA, Canada and EU countries**

The Tea Exporters Association of Sri Lanka and the Sri Lanka Tea Board with the assistance of the Sri Lanka Consulate General in Los Angeles are planning to set up a warehouse facility in Los Angeles to further promote Ceylon Tea in the West Coast of the USA. In this regard, a discussion was held with the Director of M/s. Ken Naturals Inc., California at the Consulate office to get their assistance to establish the proposed tea distribution center in Los Angeles.

- **Organizing and Conducting Virtual B2B with USA, Canada and UK**

Sri Lanka Tea Board organized a Virtual B2B meeting of the Sri Lanka Tea Exporters with Importers and Other Stakeholders of the USA Tea Industry collaboration with the US Tea Council and Sri Lanka Embassy in Washington DC.



B2B session on 12th July 2021 - Sri Lanka Tea Exporters and Canada Tea Importers. Organized by Sri Lanka Tea Board and Tea & Herbal Association Canada.

Sri Lanka High Commission in London in collaboration with Sri Lanka Tea Board held a productive brainstorming session with UK buyers, Sri Lanka exporters & the International Tea Committee to discuss how to position and promote Ceylon Tea in the UK market.

The collaborative effort by both the public and private sector will be made to re-capture Sri Lanka's lost tea market

- Studying the marketing strategies for regain the loss markets (UK, Pakistan, Egypt)
- Aggressive Promotional Campaign parallel to commonwealth 2022
- Proposal to set up Ceylon Tea Kiosks at the Dandy Mall in Egypt
- Ceylon Tea promotions in Egypt through M/s. Sudanco Company in Egypt
- Make arrangements to continue PSR (Product Specific Request) for Ceylon Tea to Pakistan Government Authorities
- Initiations taken for matching the cost for Ceylon Tea to cater the Pakistan market

Generic Tea Promotion

The promotion of tea against other beverages for the share of the throat falls under generic tea promotion activities. Sri Lanka Tea Board is a member of the Intergovernmental Group on Tea of the FAO, USA Tea Association, International Tea Committee-UK and Japan Tea Association. Generic tea promotional work is undertaken through these organizations. The generic tea promotion mainly focuses on Tea & health concept which is promoted through consumer education and public relation activities. SLTB contributed towards the advertising budgets of Tea Associations and Councils for generic tea promotion work in selected countries in 2021 as mentioned above.

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

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

GI Registration for Ceylon tea

A GI indication is a sign used on products that have a specific geographical origin and process qualities or a reputation that are due to that origin. In order to function as a GI, a sign must identify a product as originating in a given place.

Accordingly, Sri Lanka Tea Board and Industry stakeholders (Ceylon Tea Road Map 2030 - CTTA) agreed to obtain the GI status for "Ceylon Tea" from the European Union first based on the reputation of the Ceylon Tea Industry over 150 years. Under European Union Law, the protected designation of origin framework which came into effect in 1992 regulates the following systems of GIs "Protected designation of origin" (PDO), "protected geographical indication" (PGI), and Traditional Specialties Guaranteed" (TSG). On that basis, Ceylon Tea can be applied to PGI because the protected geographical indications (PGI) identify an agricultural product, raw or processed, whose quality, reputation or other characteristics are linked to its geographical origin. (Eg; Ceylon Cinnamon PGI)

Accordingly, Sri Lanka Tea Board received the Cabinet Approval for obtaining the technical assistance from CIRAD on 25.10.2021 and the agreement was signed with AFD, CIRAD and SLTB on 07.12.2021 for Euro 01 million for the technical assistance to obtain GI from EU and another two countries.

The signing of the Tri Party Agreement for GI (SLTB, AFD & CIRAD)

(France to provide 1 million euros for Geographical Indication (GI) certification of Ceylon Tea)

The French Development Agency (AFD) signed a technical grant agreement worth 1 million euros with the Sri Lanka Tea Board (SLTB) and French Agricultural Research Centre for Development (CIRAD) towards the development of a Geographical Indication (GI) for Ceylon Tea. The agreement was signed by Mr. Reda Souirgi, AFD Country Director and Mr. Jayampathy Molligoda, Chairman, SLTB in the presence of Hon. Ramesh Pathirana, Minister of Plantation, H.E. Eric

Lavertu, Ambassador of France, Hon. Kanaka Herath, State Minister of Company Estate Reforms Tea and Rubber Estate Related Crops and Hon. Jeevan Thondaman, State Minister of Estate Housing & Community Infrastructure. The creation of a GI for Ceylon tea will aim at promoting quality products, protecting traditional know-how it is based upon, enhancing its commercial value and recognition in international markets.

The signing Tri Party Agreement



Trade Mark Protection



Registration of Lion Logo Trademark

Sri Lanka Tea Board is the legal owner of Ceylon Tea Lion Logo Trade Mark. The registration/renewal of Ceylon Tea Lion Logo in Sri Lanka and other countries are carried out by Tea Promotion Division of the Tea Board. Lion Logo has been registered in 103 countries as 2021. The franchise to use the Lion Logo has been granted only for branded, value-added tea products (Tea Bags & Tea Packs) which contains 100% Ceylon Tea and are in compliance with ISO 3720 Standard while being above a minimum reference standard to each destination and should be pre packed in Sri Lanka.

During the period under review, SLTB has taken initiatives to register a new lion logo (Ceylon Tea Symbol of Quality and Lion Device) in Turkmenistan, Norway, Jordan, Pakistan, India, Bangladesh, Morocco, Somalia, Hong Kong, Uzbekistan, Azerbaijan, Kyrgyzstan Republic, Egypt and Serbia. New Registration is completed in Hong Kong, Jordan and Egypt. Further, Instructions were given to Renewal process of the lion logo device and currently they are ongoing in Turkmenistan, Taiwan, Iraq and Norway.

Registration of Ozone friendly Pure Ceylon Tea Logo

Sri Lanka Tea Board has registered the Ozone Friendly Pure Ceylon Tea logo in Sri Lanka as a Certification Mark in order to promote the production of Ozone Friendly tea. Under the Montreal Protocol, Sri Lanka implemented two projects to phase out the use of Methyl Bromide for non-quarantine & pre-shipment purposes. The project on tea sector was successfully

completed in 2002 by adopting environment friendly technologies without use of Methyl Bromide in the tea plantations (nurseries) and Sri Lanka received the Montreal Protocol Implementers Award in 2007. Thus, Sri Lanka became the first tea producing country in the world to manufacture Ozone Friendly tea and still is the only tea producing country to have achieved this accolade.

During the period under review, Instructions were given to Renewal process of the "OZONE FRIENDLY PURE CEYLON TEA & Device" and currently they are ongoing in Iran, UK, EU, and Kuwait. Registration renewal is completed in Tunisia and Jordan. Six tea exporters have obtained franchise rights from SLTB to use the Ozone friendly Pure Ceylon Tea logo for six brands during the year 2021.

Daily Mirror paper publishing a special supplement on 16th September 2021 on account of the "World Ozone Day". Since Ceylon tea is the only origin which was awarded the "Ozone Friendly" accolade by the Montreal Protocol and SLTB is utilizing it as a Unique Selling Proposition (USP) for the global marketing campaign, the SLTB has agreed in principle to support the supplement on this special day. Accordingly, SLTB provide the Quarter page Ceylon Tea Ad for "World Ozone Day 2021" special edition in the Daily Mirror.

Overseas Tea Promotion Offices & Market Coverage

Sri Lanka Tea Board presently maintains three regional overseas Tea Promotion Units attached to Sri Lanka Missions in UAE, Russia and China. The office in Dubai is responsible for tea promotion in Middle East / Gulf / North Africa regions while the office in Moscow handles the tea promotion work in the Russian Federation & CIS markets. A representative office was established in Beijing during 2015 to promote & enhance market share of Ceylon tea in China which is identified as a growing market. Ceylon tea promotional activities in the above regions are directly carried out by the three TPUs and other markets are handled by the Tea Promotion Division in Colombo in collaboration with the respective Sri Lanka Missions overseas.

Ceylon Tea Promotion activities conducted by Tea Promotional Units

Tea Promotion Unit - China

- TPU China has facilitated to sign MOU with Chinese company to import 4 million kilograms of Ceylon tea per year.



- TPU China has facilitated to participate in six trade fairs to represent SLTB at Café show in Beijing, SCO fair in Qingdao, CIIE fair in Shanghai, Food and culture fair in Jiangsu province, Tea-Lives expo, Fuzhou, Fujian province, and SCO fair in Beijing to promote Ceylon Tea.
- The TPU China participated following Forums and Summits.
- 4th China Tea Summit Forum on International Tea Industry and celebration of 2nd International Tea Day.
- The Qilu (Shandong) TaoBao Village Summit Forum & Exhibition; the 1st Shandong International E- Commerce Brand Industry Development Conference.
- 14th China International Tea Commerce Convention
- The 2nd China Selenium Tea Competition & International Tea Industry Development Forum.
- "Customs Saloon" with issues bi monthly

- Supported to serve Ceylon Tea (Lions Tea) to commuters in Guangzhou high speed railway network for the year 2022.
- Entering of Ceylon tea brands on JD.COM and Wumai.com online platforms way forward discussions.
- Ceylon Tea promoted at the Embassy program for nine groups (teachers, students and parents) during fourth quarter.
- Assisted the arrangement and opening of Ceylon Tips "Made in Sri Lanka" products shop in Beijing.
- Assisted to Sri Lankan Tea exporters to register in the system of General Administration of China Customs to export Ceylon tea.

Tea Promotion Unit of Moscow

- Engage in following Ceylon Tea Promotional activities
- Facilitated to provide Sponsorship for Tea Master Cup in Russia
- Ceylon Tea promotion at Inaugural function of Sri Lankan Airlines to Domodedovo Airport, Moscow region
- Meeting with "RUSTEACOFFEE" Association
- International Women's Day Celebrations - International Women's Club/ Women's Union of Russia
- Took part at the Congress of the International League of Young Scientists on May 21, 2021, which coincided with the International Tea Day.
- Participated at the "CHASHKA" (Cup) festival on the territory of the Museum of Moscow in the city Centre
- Victory Day Celebration on 9th May 2021:
TPU Moscow able to circulate of video message on Ceylon Tea among over 20,000 veterans/400 Elderly Houses in Russia.
- The "Art of Tea" exhibition
The "Art of Tea" exhibition opened at the Centre of Oriental Literature of the Russian State Library in Moscow on 26th May, 2021, which was organized by Russian tea society, along with Indian tea, Japanese tea, Taiwan tea and Ceylon tea. TPU Moscow participated in this event and introduced the Ceylon tea.
- Ceylon tea Promotion at "OTDYKH Leisure Fair" in Moscow, joining with Sri Lanka Tourism Promotion Bureau.
- Sri Lankan Week – 2021
In line with the "Sri Lankan Week – 2021" organized by the Embassy of Sri Lanka in Moscow, the Saint Petersburg branch of Sri Lanka; Russia Friendship Society conducted a number of events from 19th to 28th November 2021 with the Ceylon Tea Promotions.
- Day of Sri Lanka - 2021

In order to promote the culture of Sri Lanka, Ceylon tea, tourism and a wide range of Sri Lankan goods, in the conference hall of the Center for Oriental Literature of the Russian State Library on November 23, 2021, the "Day of Sri Lanka - 2021" was held, organized jointly by the Embassy of Sri Lanka in Russia and the Russian State Library.

- Site inspection of SILPO – Sri Lanka Ceylon Tea Promotional Project

Sri Lanka Tea Board entered into a contract with the Limited Liability Company "Silpo-Food" in July 2020 to design a Silpo Sri Lankan Thematic Store in Kyiv, Ukraine prioritizing the space for Ceylon Tea and Sri Lanka owned Tea brands. The first phase of the project was completed with the launch in 2020 creating an authentic Sri Lankan atmosphere in the Store using medallions, Masks, dummies of elephants, leopards, peacocks, and parrots and wall arts with Sri Lankan arts.



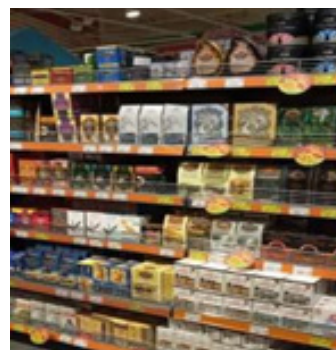
Ceylon Tea is given a special notice to the entrants designing a separate area for Ceylon Tea (Gondola Branding) and branding the "Tea" Category of this Sri Lankan Thematic Silpo Store under "Ceylon Tea" depicting the symbol of quality, the "Lion Logo" on the header. This category branding continued for whole 2021 as well. Further, during the year additional placements of Ceylon Tea Gondola branding was done in 25 Silpo stores in Ukraine producing "Ceylon Tea" branded 25 display racks as shown below. It was produced and printed more than 2000 "Ceylon Tea" branded (Lion Logo displayed) shelf-talkers to place in the Tea Categories in 25 Silpo stores to drive the visitor's attention easily to Ceylon Tea brands.



Category Branding



Gondola Branding



Shelf-Talkers

Concluding the agenda for 2021 under the project, Silpo has conducted few educational programs on Ceylon Tea to their staff. The project intends to wind-up by December 2022 if the Covid-19 situation did not disturb in implementing degustation for visitors.

Promotional/Information Publications

Bi-monthly newsletter: 06 issues were released during the year 2021.

Local Tea Promotion

Local Trade shows

SLTB participated at the BE SRI LANKAN BUY SRI LANKAN Trade Fair 2021 (12th – 14th February 2021) at the BMICH

Following activities were carried out during the exhibition.

Maintain an information Desk

Display of Tea grades/7 regional Teas

Distribution of leaflets/ Tea Sachets

Sponsorships / Advertisement on Magazines

Sponsorship for Global Cultural Jamboree 16th – 18th July 2021 – "Culturally one Scout World"

- Advertisement for Agri Supplement in Divaina Sunday paper –
- Advertisements on Sunday Observer 1st Anniversary special supplement for the Government – "Saubagye Dakma" (vistas of Prosperity and Splendor)
- Sponsorship for the Nallur Festival T V Programme & Marketing Promotion with Covid 19 Awareness
- Sponsorship 29th Annual Export Awards Ceremony 2021 of The National Chamber of Exporters of Sri Lanka
- Advertisements on Dinamina Newspaper special supplement – Dalada Himi Waruna -
- Sponsorship for "Weyo Piyambathi" Stage Drama
- Sponsorship for 2nd National Symposium on Sustainable Plantation Management
- Sponsorship for Kalutara District T 20 Cricket Tournament.
- Advertisement on Sunday Observer for the 2nd Anniversary in office of H.E. The President
- Sponsorship for Annual Award Ceremony of National Institute of Plantation Management
- Sponsorship for Sri Lanka Russia Business Council Member Night
- Donation of Non-Invasive Ventilator with BI-PAP facility" to Balapitiya Base Hospital.

SLTB Tea Sales Outlet

The SLTB Tea Sales Outlet located at No. 574, Galle Road, Colombo 03 (SLTB Office building premises) offers a wider variety of tea packs for catering the different tasting needs of local/overseas customers who visit at the outlet for their tea purchasing requirements. The variety of over 1500 tea packs representing over 25 private sector Ceylon Tea exporting companies along with SLTB own label brand are on shelf at the Sales Centre.

Despite the high level of risk associated under the COVID-19 viral development, SLTB outlet staff was committed to offer optimum level of service to the customers by following the health guidelines. It has recorded an operational turnover of 20 Mn. during the year under quarantine restrictions which is nearly 5 times lower than the annual average turnover.

2.4 Tea Tasting Unit

The unit works as the one of major quality assurance body of Ceylon Tea. It is responsible for assessing the quality of tea prior to auction and export. The appearance and the flavour of the made tea shows huge variation due to some factors like different clones of the *camellia sinensis* plant, Impact of climatic characteristics (such as rainfall, sunshine hours and temperature), nature of topography and verity of manufacturing process. Based on the characteristics of tasted samples, well trained tea tasters assure the quality of tea samples. 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 stake holders 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 dispose 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

Tea Tasting Concept and Methodology

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



Ratification of Private Sale and Panel Valuation Certificate

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 commissioner division and Tea Export unit to further regulations.

Table 2.4.1: Details of tested and suspicious samples in 2021

Description	No of Samples Tested	No of Samples Suspected
Visual Examinations	209,639	
Organoleptic	31,446	
Pre-auction samples-		
Random basis(BSL) evaluation	5,067	490
Panel rejections for suspected liquor contamination		417
Siliceous matters		264
Crude Fiber		1,253

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 convey to the DTC Exports.

b)Pre-Shipment Teas

Usage of Lion Logo, ISO 3720 parameters or any other contamination prior to shipment are been tested under pre shipment sample testing. 7528 pre-shipment samples examined under pre-shipment monitoring scheme during year 2021.

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 2021, TTU examined 1,126 applications as pre import samples.

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 10,908 Private sale lots examined and ratified for the year 2021.

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 fess of Rs. 500/-+ VAT) per line as charges for the above service too. Total 1086 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 Thursdays ratified the direct sales and for considered year, sales lines 1,203 are ratified and the ratified quantity was 1.37 Mn.kg.

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 517 applications were processed for new brands, renewals and additional packs for the year 2021.

The monitoring processes for lion logo usage in overseas markets and local markets are being conducted to maintain quality, 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 2021 was a special year for the Analytical Laboratory of Sri Lanka Tea Board. The most senior and experienced person in the Analytical Laboratory, Dr. K.R.W. Abeywickrama was appointed as the Director of Analytical Laboratory by filling the vacant post which was lasted as vacant for long time and latter part of the year he was awarded the highest professional membership of "Fellow member" from the Institute of Chemistry Ceylon, effective from December 2021. Under his guidance and coordination laboratory was able to expand the laboratory testing facilities and it was a major achievement to purchasing the LCMS/MS equipment. With the installation of LCMS/MS machine at the Pesticide Residue Analysis Unit of Analytical laboratory, it was able to fill a huge testing gap which was existed in the tea industry on analyze multi residues analysis of pesticides including Diuron and MCPA. The analysis of Diuron and MCPA was introduced to the tea industry in November and December 2021 respectively.

By strengthening existing regulation to maintain the Ceylon tea quality and empower the Tea Board laboratory testing services an Extraordinary Government Gazette was issued on 06/10/2021 under Sri Lanka Tea Board new regulation no: 2248/37 published as "Analysis and Quality Certification of Tea" .

To maintain the minimum quality of produced tea, the second revision for the " Sri Lanka Tea Board Standard/ Directives for Tea" (AL/MQS-02/2021) was released to all the registered Manufactures, Tea Exporters and Importers of tea for value addition and Re- Export of the same with effect from 01st January 2021. And also laboratory able to complete the revision of "Lion Logo Qualification criteria" and introduced new testing requirement to give more recognition for the Lion Logo certified teas.

Table 2.5.1: Summary of tests performed by the Analytical Laboratory

Name of test	No. of tests	
	2020	2021
Chemical Analysis Unit		
Determination of moisture in tea	280	334
Determination of total ash in tea	355	382
Determination of water soluble ash in tea	353	351
Determination of acid in-soluble ash in tea	355	313
Determination of water extract in tea	189	127
Determination of alkalinity of water soluble ash in tea	356	320
Determination of Crude Fibre in tea	420	549
Basic Radiation Determination tests	150	241
Grade identification tests/ Sieve Analysis	27	33
Activities on validation, verification of test methods in Chemical unit	7	-
Microbiological Analysis Unit		
Determination of Total Plate Count	171	-
Determination of Yeast and Mould Count	579	455
Microscopical examination for dead or live insects and other Impurities/foreign matter in tea	28	35
Determination of Genetically Modified Organisms (GMO) in tea	280	191
Detection and Enumeration of Faecal Coliform & Escherichia coli (E.coli)	544	455
Detection and Enumeration of Total Coliform	544	462
Activities on validation, verification of test methods in Microbiology unit	4	-
Pesticide Residue Analysis Unit		
Sugar Analysis using HPLC RI Detector	5085	5131
Diuron Analysis using LCMS/MS		124
MCPA Analysis using LCMS/MS		4
Activities on validation, verification of test methods in Pesticide unit	3	-
Total	9240	9507

Source ; Sri Lanka Tea Board

In parallel to government decision on ban of synthetic fertilizer, the analytical laboratory had to play a major role while setting standards on bio/compost fertilizers and explaining the industry on how to improve the soil fertility using bio/compost, liquid fertilizers and bio char. In parallel to a decision came out to establish a "Soil & Fertilizer Testing Lab" attached to the Analytical Laboratory and its fundamental steps was initiated in December, 2021. In the meantime Laboratory could introduce physical testing for organic solid fertilizer and liquid fertilizer which were produced under the model fertilizer plant subsidy conducted by Sri Lanka Tea Board.

Involvement of the Analytical Laboratory in facilitation to the tea industry

During the year 2021, 9507 of total tests were received to the Analytical Laboratory, and out of the total tests it has been identified that 1440 numbers of tests identified as below the ISO minimum quality.

Table 2.5.2. Performance of the Analytical Laboratory

Analysis Unit	No. of samples below the minimum quality standard
Microbiology	450
Chemical	684
Sugar/ Pesticide residual	306

Source ; Sri Lanka Tea Board

Performance of the Pesticide Residues Analysis Unit

Total 5131 Sugar and 124 Diuron analysis performed by the pesticide residue analysis unit, and out of them 306 numbers of tests have been identified as below the limits.

Table 2.5.3. Performance of the Pesticide Analysis Unit

Type of pesticide test	Below the minimum quality
Fructose	27
Glucose	67
Sucrose	159
Diuron	53

Source ; Sri Lanka Tea Board

Performance of the Microbiology Analysis Unit

During the year, 450 of microbiological tests out of total tests 1866 received were identified as below standards or not suitable for consumption which of samples received through the internal certification service.

Table 2.5.4. Performance of the Microbiology Analysis Unit

Type of microbiology test	Below the minimum quality Standard/ Guideline
Yeast and Mould	249
Coliform	198
E-coli	3

Source : Sri Lanka Tea Board

Performance of the Chemical Analysis Unit

Out of total chemical testing, 684 were identified as below standards and confined to destroy due to the unsatisfactory condition on quality of tea as summarized below,

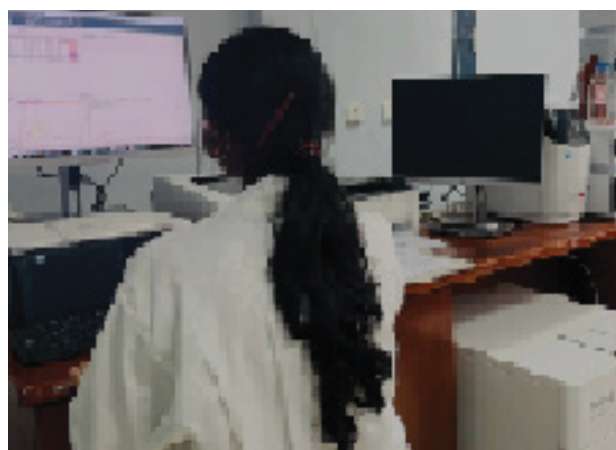
Table 2.5.5: Performance of the Chemical Analysis Unit

Type of chemical test	Below the minimum quality Standard/Guideline
Crude fiber content	444
Alkalinity content	20
Moisture	214
Siliceous matter	04
Total ash & Water sol. ash	02

Source ; Sri Lanka Tea Board

Performance of the Quality Inspection Unit

The Quality Management officer has involved to extending her support on 50 sampling requests sent by the Tea Commissioner and/or the Deputy Tea Commissioner (Exports) for re-sampling purpose during the year 2021. The accuracy of all lab test results depends on the correctness of the drawn sample.



2.6 Administration Division

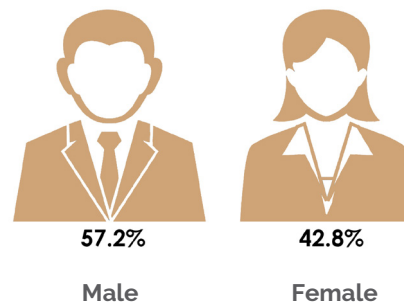
Administration Division of SLTB is responsible for formulation, implementation, monitoring and evaluation of all human resources management and human resources development activities, Legal activities, Planning, Monitoring & Evaluation activities, managing and maintenance of SLTB Library, Procurement activities, Security and Transport activities of the Board.

Table 2.6.1: Current Staff Strength of SLTB

Category	No of Staff		Total
	Male	Female	
Senior Level	04	01	05 (1.9%)
Tertiary Level	38	17	55 (21.2%)
Secondary level	49	88	137 (83%)
Primary Level	57	05	62 (58.9%)
Total	148(57.2 %)	111 (42.8%)	259 (100%)

Source ; Sri Lanka Tea Board

Chart 2.6.1. Gender Distribution of Staff



There were 15 employment turnovers during last year including 04 resignations and 11 retirements of employees.

Senior level to primary level undergone through several capacity building training programs following COVID 19 guidelines. Foreign training programs and local team building activities budgeted for the current year could not be organized due to the pandemic situation prevailed in the country and globally.

Table 2.6.2: Local Training programs by Employee Category

Category	No of Employees Trained
Senior Level	02
Tertiary Level	11
Secondary Level	57
Primary Level	02
Total	72

Source : Sri Lanka Tea Board

CSR Activities

Sri Lanka Tea Board donated a ventilator for Balapitiya Base Hospital in Galle district, There was a higher demand for ventilator machines in the hospitals in treating for COVID 19 patients. Hon.Mnister Dr.Ramesh Pathirana participated as the chief guest of that event.



2.7 Internal Audit Unit

Purpose of the Internal Audit Unit 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.

IA Unit also helps Tea Board to accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process. Due to the pandemic situation Audit Committee met two times during the year under review and respective Heads of Divisions / Officers attended the meetings of the Committee by invitation on need basis. Recommendation were made to the Board of Directors along with the Minutes & followed-up to ensure that appropriate corrective action is taken.

2.8 Information Technology Unit

The year 2021 has shown positive divergence towards the IT domain for SLTB compared to that of 2020. Most of the development plans were postponed due to the prevailing situation around the globe. Hence, the Tea Value Chain System also has been dragging throughout 2020 due to lack of presence of divisional process champions. Some of the significant processors at the SRS were not able to be captured by the vendor without physical presence of users. With the dawn of 2021 we have managed to proceed the development activities with the vendor, successfully.

Previous firewall got obsoleted and it has been replaced with the latest and upgraded version of the same brand. It incurred so many sophisticated features to mitigate cyber-attacks and other vulnerabilities which could have occurred in cyberspace. There were no civilian camera systems installed at TTU, but we have managed to install the latest camera at TTU in 2021 to mitigate fraudulent activities happening at the division. It brought more transparency to the division.

Existing HR software was accessible only through desktop application. However, we have stepped to another stair of the ladder to shake hands with the novel technology and developed a mobile application for SLTB users, so that they could apply leaves remotely via mobile device, which can be downloaded via play store.

3.0 Industry Profile

The year 2021 started with the optimistic hope that the economy will be recovered after Covid 19 pandemic. Almost all the economies in the world encountered with many complex challenges during the period of pandemic including Sri Lanka. As a result of the global economic downturn, Sri Lankan economy contracted by 3.6% in year 2020. However this economic downturn negatively affected to each and every economic activity. Subsequently, the Government took actions to mitigate this negative consequences and introduced the policy of "new normal". Virtual meetings, Culture of remote working took precedence during the year 2021.

Despite some unprecedented challenges faced during the year 2021, both in local and international arena, overall performance of the Sri Lanka tea industry was excellent. The annual tea production recorded during the year 2021 was 299 Mn Kg, vis-a- vis 279 Mn kg of the corresponding period, recording a 20 Mn kg increase (7%). Also during the year 2021 annual tea exports quantity recorded 7.65% growth in comparison to year 2020. During the 2021 total exports recorded 286 Mn kgs vis-à-vis 265 Mn kgs in year 2020 and it was 8% growth when compared to 2020. Also the tea exports revenue from tea for the period of January to December 2021 is Rs 263 bn (US\$1.32 bn). However it shows 7% growth in exports revenue in US\$ term during the year 2021. It is important to mention that the average FOB price which was Rs.867 per kilo in 2020 has further increased to Rs. 921.23 in 2021.

Orthodox was the major component of the Ceylon tea which has been recorded 270.7Mn Kg during the year 2021 and it was recorded as 252.7 Mn Kg during the corresponding period of 2020. However it has recorded 7% increase when compared to 2020. Also, cumulative CTC Production for the year 2021 showed an increase of 9% while it was recorded as 26 Mn kgs in review year. However green tea production represented 27 % increase producing 2.6 Mn Kg in 2021 and 2 Mn Kg in 2020.

In Sri Lankan context, it was able to control the Covid 19 pandemic to some extent under the full vaccination process implemented by the government during the year 2021. The people were able to engage in day to day works / economic activities under some restrictions and it was an opportunity to bring the economy back to normalcy. This situation greatly affected to the Sri Lankan tea industry to make a better performance during the year. The key indicators of the industry production, exports, sales & prices could be seen positively.

Moreover, continuation of digital e-auctioning system to further years ahead is another achievement of tea industry. Last year, the world famous outcry auctioning system was changed to a digital platform to hold overnight virtually. The live tea auction was held for more than 125 years and is no longer available in Ceylon tea sales. However, first quarter of year 2021 recorded a production growth by 39% when compare to corresponding period of 2020. Also second, third and fourth quarters represented a significance growth when compared to 2020.

In view of the negative features and other global market trends confronted the cumulative Colombo tea auction average prices has decreased by US\$ 3.09 per Kilo as against US\$ 3.39 per kilo during the previous year. Consequently, the Colombo tea auction price showed a nominal decrease from Rs. 628.21 in 2020 to Rs.615.44 in 2021.

A total of 285,871 MT of tea was exported from Sri Lanka during the year generating revenue of LKR 263 billion (US\$ 1.32billion) (Including Re exports).The average FOB price reached LKR 921.23(US\$ 4.63) per Kg. The total export volume (with Re ex) recorded an increase of 20,302 MT during the review year while exports earnings increased by 14%.

3.1 Distribution of Tea Lands

The Total Extent of cultivation in Sri Lanka is 202,540(provisional) hectares at present. The breakdown of tea lands along with their management criteria is 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

During the year 2021, National tea production of the country was recorded as 299.5 Mn kg. This was an increase of 20Mn kg (7%) when compared to the year 2020.

Sri Lankan teas are categorized into three based on the elevations where it grows and is 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 2021) of the national production.

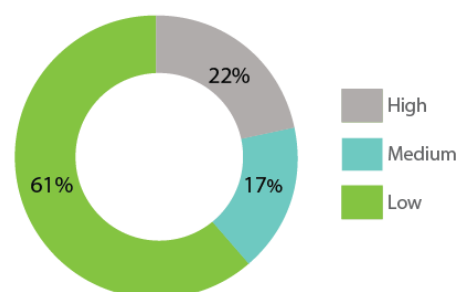
Teas produced over 1200m elevations are identified as high grown teas, considered as superior in quality gives unique taste with aroma. During the year 2021, high and medium elevation contribution for the national production was 22% and 17% respectively. Also Low Elevation contributed more than two third (61%) of national tea production

Table 3.1 : Tea production by Elevation

Elevation	Qty Kg
High	65,326,571
Medium	50,985,716
Low	183,176,135
Total	299,488,422

Source: Sri Lanka Tea Board

Chart 3.1 : Tea production by Elevation

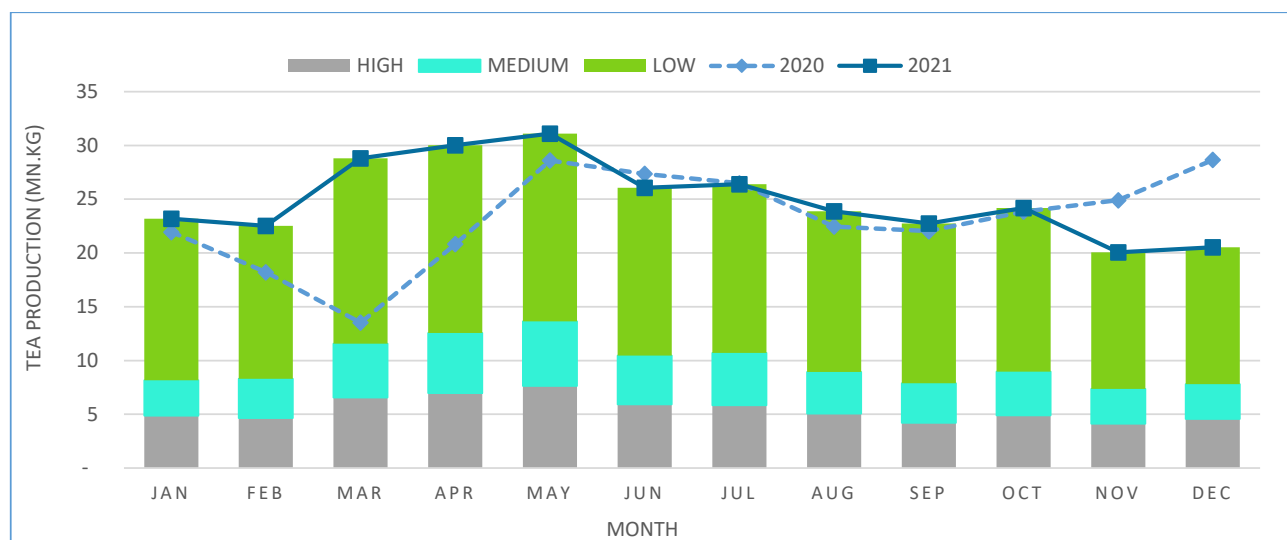


Source: Sri Lanka Tea Board

Monthly Tea Production

Throughout the year, low grown production provided the major contribution to the national tea production. During 2021, the highest monthly tea production of 31 Mn kg was recorded in the May and the lowest of 20 Mn kg was recorded in November.

Chart 3.2: Monthly Tea Production by elevation



Agro Climatic District wise Analysis

Highest agro climatic district wise production of 48Mn kg was recorded from Ratnapura, and the 2nd highest production of 42 Mn kg was recorded from Galle.

Low grown has produced 168.7Mn Kg during the year 2021 while it was 156.7Mn kg in 2020.

Table 3.2 :Agro Climatic District wise Tea production 2021

Agro Climatic District	2021 (Kg.)	2020 (Kg.) *	Change (Kg.)	%
Nuwara Eliya	3,587,636	2,858,604	729,032	26
Western				
Ramboda	1,957,781	1,832,914	124,867	7
Pundaluoya	3,685,134	3,564,815	120,320	3
Agarapathana	5,069,113	4,536,186	532,927	12
Nanuoya/Lindula/Talawakale	8,514,839	8,062,390	452,449	6
Patana/Kotagala	4,187,182	4,475,252	(288,070)	(6)
Hatton/Dickoya	8,152,096	7,844,983	307,113	4
Bogawantalawa	5,588,128	5,612,580	(24,451)	-
Upcot/Maskeliya	5,488,000	5,049,048	438,952	9
Total -Western	42,642,272	40,978,167	1,664,106	4
Medium				
Watawala/Ginigat/Notron Bridge	1,817,763	2,163,883	(346,120)	(16)
Pussellawa/Hewaheta	5,905,005	6,005,389	(100,384)	(2)
Kotmale	940,778	876,354	64,424	7
Gampola/Nawalapitiya/Dolosbage	19,650,628	17,718,123	1,932,505	11
Nilambe/Hantane/Galaha	1,441,313	1,447,513	(6,200)	-
Kadugannawa	5,462,630	4,642,927	819,704	18
Madulkelle/Knuckles/Ranagala	3,121,792	3,383,210	(261,419)	(8)
Hunasgiriya/Matale/Yakdessa	1,522,678	1,386,413	136,266	10
Balangoda/Rakwana	8,846,827	8,027,660	819,167	10
Total -Medium	48,709,412	45,651,470	3,057,942	7
Uda Pussellawa				
Udapussellawa/Halgranoy	4,060,550	3,944,295	116,255	3
Maturata	1,373,647	935,085	438,562	47
Total-Uda Pussellawa	5,434,197	4,879,380	554,817	11
UVAS				
Koslanda/Haldumulla	602,593	817,742	(215,149)	(26)
Haputale	4,130,515	3,598,688	531,827	15
Bandarawela/Poonagalla	3,289,655	2,520,658	768,997	31
Malwatte/Welimada	3,378,505	2,858,823	519,682	18
Demodara/Haliella/Badulla	9,996,299	9,543,215	453,085	5
Ella / Namunukula	1,904,508	1,737,631	166,877	10
Passara/Lunugala	3,663,468	3,011,099	652,369	22
Madulsima	3,486,843	3,657,828	(170,985)	(5)
Total-Uvas	30,452,384	27,745,683	2,706,701	10
Low Grown				
Deniyaya	13,691,965	12,942,346	749,619	6
Galle	42,869,465	37,496,469	5,372,997	14
Kalutara	18,953,545	18,444,550	508,995	3
Kegalle	7,071,361	6,439,832	631,528	10
Kelani Velli	8,231,949	7,310,799	921,150	13
Kandy/Matale/Kurunegala	3,889,004	3,829,102	59,902	2
Matara	14,157,203	11,941,807	2,215,396	19
Morawake	6,292,262	5,620,667	671,595	12
Ratnapura	48,328,640	47,734,905	593,735	1
Balangoda	5,177,128	4,977,985	199,143	4
Total Low Grown	168,662,520	156,738,462	11,924,059	8
Total	299,488,422	278,851,765	20,636,656	7

* Revised: Source: Sri Lanka Tea Board

District wise Tea Production

During the year under review, the maximum high grown production was reported from the Nuwara Eliya district and the highest low grown production reported from the Ratnapura district. Both districts contributed to the national tea production by 15% & 22% respectively.

When considering the all three elevations, highest production was reported from Rathnapura District while the lowest was recorded from Hambantota & Monaragala district

Table 3.3: District wise Tea Production (in kgs)

Administrative District	High	Medium	Low	Total
Badulla	18,100,469	12,923,786	-	31,024,255
Colombo	-	-	1,185,515	1,185,515
Galle	-	-	42,450,978	42,450,978
Hambantota	-	-	205,138	205,138
Kalutara	-	-	18,068,135	18,068,135
Kandy	1,014,151	20,189,858	11,321,960	32,525,969
Kegalle	-	329,012	10,545,900	10,874,912
Matale	-	1,632,628	472,865	2,105,493
Matara	-	99,465	34,525,329	34,624,794
Monaragala	-	9	-	9
Nuwara Eliya	46,211,951	13,399,740	848,505	60,460,196
Ratnapura	-	2,411,218	63,551,811	65,963,028
Total	65,326,571	50,985,716	183,176,135	299,488,422

Source: Sri Lanka Tea Board

Production Analysis by Green Leaf Collection Method

Tea factories fulfill their green leaf requirements from own sources as well as the bought crop. Following table illustrates the district wise green leaf collection during the year 2021. Green leaf quantities were derived multiplying the made tea quantities by 4.65 as the standard ratio used in the industry.

Table 3.4: District wise Green Leaf Production (in kgs)

Administrative District	High	Medium	Low	Total
Badulla	84,167,182	60,095,604	-	144,262,786
Colombo	-	-	5,512,645	5,512,645
Galle	-	-	197,397,050	197,397,050
Hambantota	-	-	953,892	953,892
Kalutara	-	-	84,016,827	84,016,827
Kandy	4,715,802	93,882,840	52,647,113	151,245,755
Kegalle	-	1,529,906	49,038,433	50,568,339
Matale	-	7,591,722	2,198,822	9,790,544
Matara	-	462,512	160,542,778	161,005,291
Monaragala	-	42	-	42
Nuwara Eliya	214,885,571	62,308,793	3,945,546	281,139,910
Ratnapura	-	11,212,161	295,515,921	306,728,082
Total	303,768,555	237,083,580	851,769,026	1,392,621,161

Source: Sri Lanka Tea Board

Production Analysis by Processing Method

Black Tea and Green Tea Production

In 2021, the Orthodox Tea production recorded an increase of 7% & CTC recorded an increase of 9% respectively. During the year under review, overall Black tea production has increased by 20Mn.Kg (7%). Meanwhile Green tea production showed 27% increase when compared to previous year.

Instant Tea and Bio Tea Production

When compared to the year 2020, Instant tea recorded an increase of 575,482 Kg in 2021, while the BIO tea showed a decrease of 15MT in 2021. Also, 99% of Instant tea is recorded from tea factories established in high elevations.

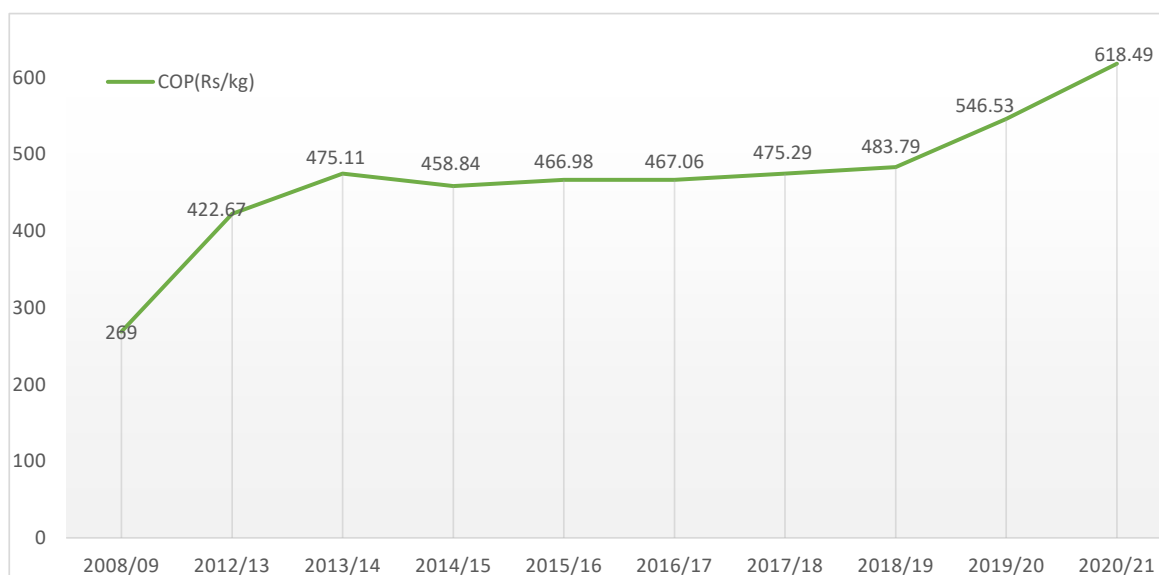
Cost of Production of Made Tea

Productivity and cost of production (COP) are inter-related and increasing 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 2020/2021, was Rs.618.49 per Kg which is an increase of 13% against 2019/2020.

Note: It was unable to collect information for COP questionnaires due to prevailing situation of Covid 19 pandemic. Therefore, the COP for 2019/2020 represented as an estimated figure.

Chart 3.3: Total cost per kilogram of made tea



Source: Dept. of Census & Statistics

3.3 Tea Sales

When compared the net selling averages recorded in the tea auctions, annual to-date average in 2021 was 615.44 Rs/kg (minimum 587 Rs/kg, maximum 654 Rs/kg) which decreased by 13 Rs/kg when compared to the previous year (628.21 Rs/kg).

Highest selling average was recorded from the low grown of 644 Rs./kg. Annual sales quantity of 296 Mn. Kg of tea was sold in 2021 against 268.2 Mn.Kg in 2020 which recorded a 28 Mn Kg decline (10%) for the year under review, including Public, Private and Direct sales.

During the January 2021, month to-date selling average was 645.02Rs/kg which showed a 58 Rs/kg increase when compared to January 2020. During the 1st five months of the year 2021, selling averages were over Rs 600 and gradually decreased thereafter. During the last quarter, it showed a marginal increase.

Mode of Sales

Public auction is the main mode of sales of tea manufactured in factories. A quantity of 287 Mn.Kg was sold under the Colombo Tea Auction in 2021. Private sales accounted for 8 Mn.Kg and the rest about 1Mn kg sold through direct sales.

The Colombo Tea Auction

The Colombo Tea Auction conducted by Ceylon Chamber of Commerce under Colombo Tea Traders Association and during the 2021 they handled 50 auctions. The public auction recorded an increase of 25Mn.Kg (10%) while average price reported Rs.13 per Kg decrease at the Colombo Tea Auction during 2021.

Elevation-wise Sales

Among all three elevations, high reported a marginal growth of Rs 6 (1%) while medium and Low elevation recorded a decrease of its unit price, by Rs.3 and Rs.22 respectively. However, the overall tea sales prices recorded Rs.13 decline (2%) when compared to last year.

Table 3.5: Elevation-wise Tea Sales.

Elevation	Quantity (Mn.kg.)				Unit Price (Rs./Kg.)			
	2020	2021	Change	%	2020	2021	Change	%
High	56.46	63.52	7.06	12.50	580.9	587.13	6	1
Medium	47.56	52.34	4.78	10.05	554.28	550.8	(3)	(1)
Low	164.21	179.94	15.73	9.58	665.88	644.23	(22)	(3)
Total Sales	268.24	295.79	27.55	10.27	628.21	615.44	(13)	(2)

Source: Sale report-All sale Elevation wise-SLTB

3.4 Tea Export

Tea exports (with Re exports) totaled for the review year 286 Mn kg recording a growth of 20 Mn Kg vis-à-vis 266 Mn Kg recorded for the year 2020 whilst earnings of Rs.263 Bn recorded a growth of Rs. 33 Bn vis-à-vis Rs.230 Bn of January to December 2020. The average annual unit FOB price was Rs.921.23 per kilogram in 2021 and comparatively it was recorded as Rs 866.70 per kilograms in previous year by reflecting an increase of Rs 55. In world tea market, Sri Lanka became the third tea export country in volume and enduring as third 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.

Chart 3.4: Monthly tea export quantities and FOB prices

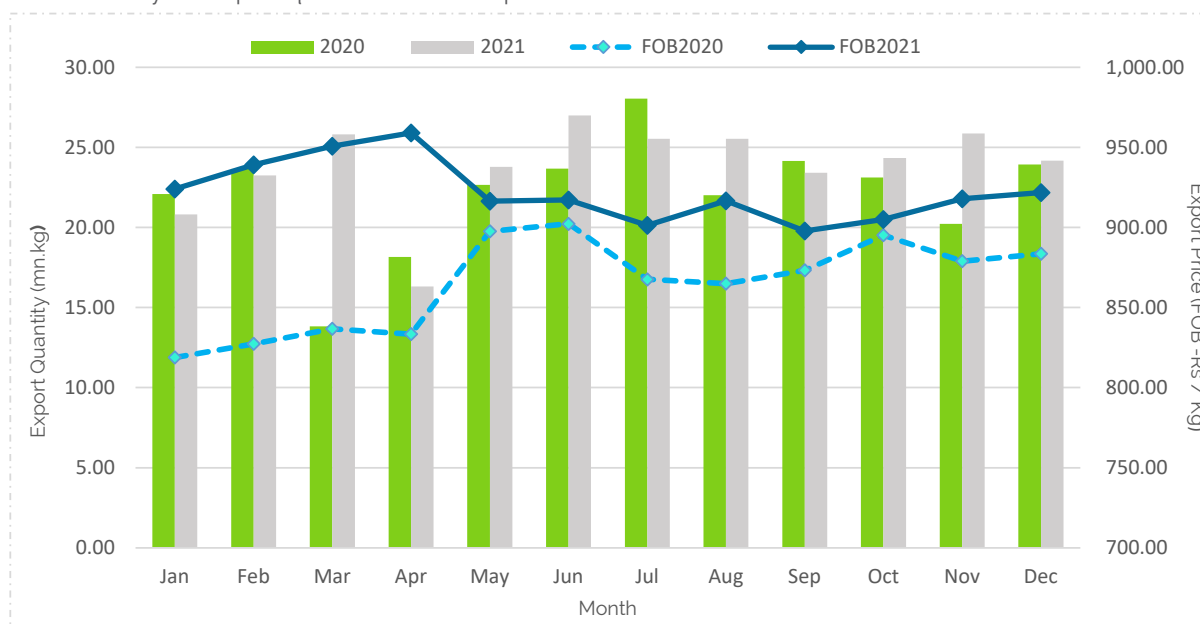


Table 3.6: Annual tea exports – 2021

Export Type	Qty (Kg)	Value (Rs)	FOB (Rs/Kg)
Exports			
Black			
Bags	20,095,797	33,730,033,892	1,678.46
Bulk	123,626,294	96,326,626,678	779.18
Packets (1kg-3kg)	1,884,867	1,501,248,515	796.47
Packets (3kg-5kg)	15,517,134	13,008,946,882	838.36
Packets (4g-1kg)	77,004,922	71,513,419,308	928.69
Packets (5kg-10kg)	32,630,091	22,784,243,943	698.26
Black Total	270,759,106	238,864,519,218	882.2
Green			
Bags	848,849	2,843,632,870	3,349.99
Bulk	427,803	498,443,348	1,165.12
Packets (1kg-3kg)	1,744	4,033,639	2,312.87
Packets (3kg-5kg)	3,356	8,363,794	2,492.56
Packets (4g-1kg)	946,947	1,647,649,187	1,739.96
Packets (5kg-10kg)	44,847	70,411,680	1,570.04
Green Total	2,273,545	5,072,534,518	2,231.11
Instant			
Packets (>3kg)	2,966,186	5,162,319,572	1,740.39
Packets (1kg-3kg)	9	15,935	1,770.56
Packets (4g-1kg)	367	413,283	1,127.40
Instant Total	2,966,562	5,162,748,790	1,740.31
Export Total	275,999,213	249,099,802,526	902.54
Re Exports			
Black			
Bags	4,541,722	5,888,551,847	1,296.55
Bulk	1,665,671	1,377,334,387	826.89
Packets (1kg-3kg)	0	500	1,250.00
Packets (3kg-5kg)	38,544	110,204,294	2,859.18
Packets (4g-1kg)	1,189,387	1,392,286,202	1,170.59
Packets (5kg-10kg)	48,040	82,745,435	1,722.43
Black Total	7,483,364	8,851,122,665	1,182.77
Green			
Bags	1,219,628	4,065,343,154	3,333.26
Bulk	441,785	299,188,258	677.23
Packets (1kg-3kg)	230	405,881	1,767.24
Packets (3kg-5kg)	6,307	9,143,428	1,449.73
Packets (4g-1kg)	639,345	918,435,540	1,436.53
Packets (5kg-10kg)	20,086	26,065,594	1,297.70
Green Total	2,327,380	5,318,581,855	2,285.22
Instant			
Bags	81	117,833	1,451.15
Packets (>3kg)	61,565	83,678,998	1,359.21
Packets (1kg-3kg)	120	138,782	1,156.52
Instant Total	61,766	83,935,613	1,358.94
Grand Total(Re-Export)	9,872,510	14,253,640,133	1,443.77
Grand Total(Export+Re-Export)	285,871,722	263,353,442,659	921.23

Source: Sri Lanka Customs

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 cup. .

In 2021, Total tea exports including re-exports in different categories of Black, Green & Instant showed an increase its volume and value. Usually in every year, black tea export percentage remains approx. 97%, green tea percentage is around 2% and instant teas remains at approx. 1%.

Total export volume showed 9% increase with 20 Mn.Kg quantity change. Both exports and re-exports separately showed a growth of its volume and value. Furthermore, exports & re-export quantities increased by 8% & 10% respectively, while its' value showed an increase of 14% & 25% respectively. However, cumulative exports earnings were ended up with US\$ 1,324 Million in 2021 relating to the US\$ 1,241 Million in 2020 accomplished a 7% increase.

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 39% of the total export volume for the year 2021 and it generated Rs.129 Bn export income remarking the value share as 49%.

Table 3.7: Annual Value Added tea exports – 2021

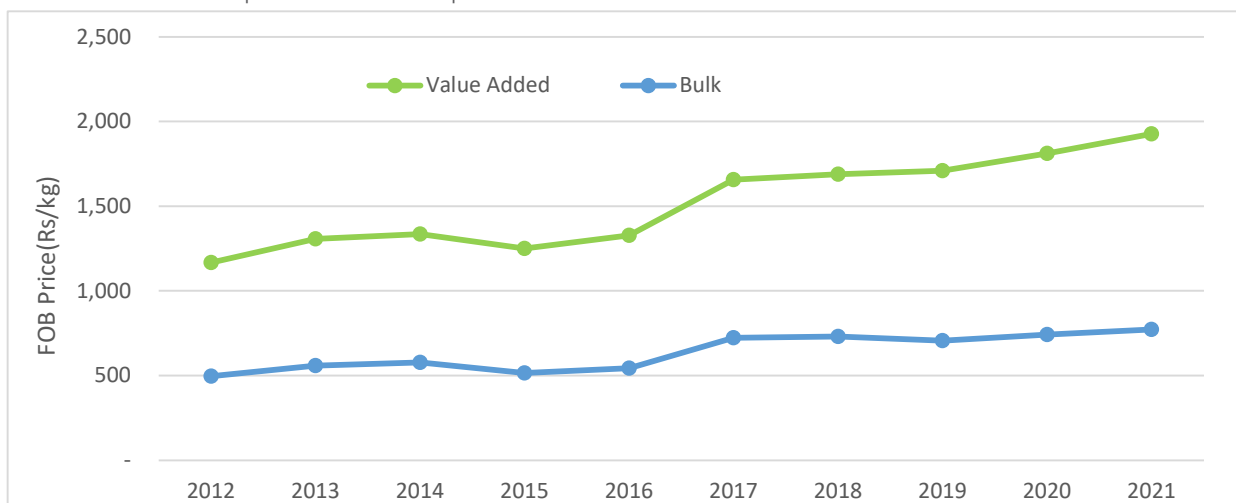
Export type		Quantity (Kg)	Value(Rs)	FOB (Rs/Kg)
Export	Black	98,985,586	106,744,701,715	1,078.39
	Green	1,797,540	4,495,315,696	2,500.82
	Instant	2,966,562	5,162,748,790	1,740.31
Sub Total		103,749,688	116,402,766,201	1,121.96
ReExport	Black	5,731,109	7,280,838,549	1,270.41
	Green	1,859,203	4,984,184,575	2,680.82
	Instant	61,766	83,935,613	1,358.94
Sub Total		7,652,077	12,348,958,737	1,613.80
Total		111,401,765	128,751,724,938	1,155.74

*The tables prepared without RTD Exports and Total RTD Exports are considered as value added exports

Source: Sri Lanka Customs

FOB price 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. Up to 3Kg export categories have been taken as value added tea.

Chart 3.5: Value added exports & bulk tea exports



Source: Sri Lanka Customs

Main Destinations of Sri Lanka Tea Exports

In the past UK, Pakistan, Egypt had higher market share for Ceylon tea. However, those were not even in the first 25 exports destination at present. Iraq becomes the main Sri Lankan tea exporter by importing 14.8% of total Ceylon tea exports with 27% growth when compared to 2020.

Turkey, which was the largest Sri Lankan tea importing country in 2019 & 2020, became the 2nd largest Sri Lankan tea importer by importing 10% of total tea exports during the year under review.

Russia was the third export destination with 10% export share in 2021 and it showed 8% decrease of export volume compared to 2020. The average FOB prices for Syria showed a high price among top ten countries in 2021 which achieved Rs.944/= per kg. Meanwhile the top ten countries of Iraq, UAE, Iran, China, Libia, Azerbaijan have increased their portion of Ceylon tea imports and Turkey, Russia, Chile, Syria has decreased their import share in 2021 when compared to 2020. However, top 10 countries have exported 67% of Ceylon tea exports during the year 2021.

Table 3.8: Main Destinations of Sri Lankan Tea Exports 2021

Country	2021				2020				
	Rank	Quantity (kg)	FOB RS/ Kg	Export share (%)	Rank	Quantity (kg)	FOB RS/ Kg	Export share (%)	Growth (%)
Iraq	1	42,455,312	642.78	14.85	2	33,377,320	575.54	12.57	27
Turkey	2	29,745,684	858.71	10.41	1	38,866,312	796.55	14.64	(23)
Russia	3	27,357,322	834.06	9.57	3	29,608,373	825.16	11.15	(8)
UAE	4	23,147,842	891.15	8.1	9	8,670,346	804.95	3.26	167
Iran	5	15,833,588	887.83	5.54	4	15,127,067	914.63	5.7	5
China	6	14,221,526	847.79	4.97	5	14,123,418	754.71	5.32	1
Libya	7	12,338,991	739.58	4.32	10	7,806,247	692.2	2.94	58
Azerbaijan	8	10,591,096	882.58	3.7	6	10,303,102	909.69	3.88	3
Chile	9	8,834,919	809.2	3.09	8	9,419,055	714.04	3.55	(6)
Syria	10	7,767,179	944.03	2.72	7	9,536,804	879.75	3.59	(19)
Top 10 Total		192,293,459	807.87	67.27		176,838,044	768.87	66.6	9
Grand Total		285,871,722	921.23	100		265,569,374	866.7	100	8

Source: Sri Lanka Customs

Russia secured the third place in the list of main destinations of Ceylon Teas, while UAE retained its position in the fourth 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, Syria, UAE, Iran maintained significantly the higher FOBs with respect to the average unit FOB price attained. Furthermore, total export revenue exceeded Rs. 263 Bn in 2021 recording an increase of its earnings with compared to 2020. 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 3.9: Tea exports quantities and Ranking for top 20 countries by package type

Country	Qty kg							Grand Total	Rank						
	Bags	Bulk	Packets (>3kg)	Packets (1kg-3kg)	Packets (3kg-5kg)	Packets (4g-1kg)	Packets (5kg-10kg)		Bulk	Packets (>3kg)	Packets (1kg-3kg)	Packets (3kg-5kg)	Packets (4g-1kg)	Packets (5kg-10kg)	
Iraq	182,415	5,278,815	-	356,468	2,171,485	18,663,487	15,802,642	42,455,312	14	8	-	2	3	1	1
Turkey	275,390	7,470,649	-	732,382	8,107,738	10,130,078	3,029,447	29,745,684	11	7	-	1	1	3	4
Russia	772,821	22,149,927	596	105	5,515	4,386,768	41,590	27,357,322	8	1	7	8	10	4	11
UAE	529,301	16,178,220	26	22,359	267,540	2,222,823	3,927,573	23,147,842	9	2	-	6	4	9	3
Iran	58,889	8,312,095	-	194,128	236,215	1,231,113	5,801,148	15,833,588	18	5	11	3	5	12	2
China	343,797	12,140,258	192,400	71,930	545	240,382	1,232,215	14,221,526	10	3	1	4	11	17	5
Libya	56,687	-	-	-	-	12,282,304	-	12,338,991	19	20	-	9	13	2	18
Azerbaijan	7,231	10,095,967	-	-	22,830	465,068	-	10,591,096	20	4	-	-	-	15	18
Chile	1,093,655	7,521,395	882	-	-	194,207	24,780	8,834,919	5	6	6	0	13	18	12
Syria	860,005	581,870	-	70,500	3,978,760	2,000,544	275,500	7,767,179	7	17	-	-	-	10	7
Japan	934,242	5,245,809	25	354	65,308	56,677	293,072	6,595,487	6	9	10	7	7	20	6
Saudi Arabia	2,111,205	1,206,100	24,879	-	211,530	2,968,245	8,983	6,530,943	2	16	5	-	0	6	14
Germany	202,199	4,332,534	48,000	3	40	1,816,241	3,780	6,402,796	13	10	-	0	12	11	17
USA	1,273,864	2,360,430	77,833	1,217	20,192	2,231,488	8,720	5,973,744	3	14	2	-	9	8	15
Jordan	2,427,491	78,080	-	-	-	2,528,413	184,354	5,218,337	1	19	11	9	13	7	8
Taiwan	72,948	4,298,197	43,710	-	243,013	131,436	98,418	4,887,722	17	11	-	-	-	19	9
Hong Kong	256,982	3,493,269	-	299,099	113,012	261,966	16,246	4,440,574	12	12	11	0	0	16	13
Ukraine	153,055	3,154,706	-	-	-	900,369	68,400	4,276,530	15	13	-	-	-	13	-
Belgium	118,492	214,955	293	-	-	3,198,792	-	3,532,532	16	18	8	0	0	5	0
Poland	1,242,958	1,207,779	-	-	-	891,809	6,864	3,349,410	4	15	-	-	13	14	0

Source: Sri Lanka Customs

Exports of Black Tea

Black tea recorded 97% (278Mn.Kg) of total tea exports and contributed to the total exports revenue 94% (Rs.248Bn). Among all the black tea export destinations, Top twenty accounted 86% of volume and 82% by value. Iraq acquired the first place among prime black tea importer in 2021 by importing 15% volume of Ceylon tea exports while Turkey became prime black tea importer in 2020 by importing 15% of Ceylon tea exports. However, Russia remains as the prime Sri Lankan black tea importer up to 2013 and in 2014 Turkey acquired the first place among highest import 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

Table 3.10: Top 20 Black tea exports destination and market share 2021 (With Re export)

Country	Quantity (Mn.kg)	Value (Rs.Bn)	FOB (Rs/kg)	Volume Share (%)	Value Share (%)	Qty Growth (%)
Iraq	42.43	27.25	642.24	15.25	11.00	27
Turkey	29.71	25.50	858.16	10.68	10.29	(23)
Russia	26.80	21.93	818.55	9.63	8.85	(8)
UAE	22.71	20.22	890.00	8.16	8.16	167
Iran	15.82	14.04	887.57	5.69	5.67	5
China	13.93	11.58	831.33	5.01	4.67	2
Libya	12.13	8.93	736.33	4.36	3.61	60
Azerbaijan	10.58	9.33	881.48	3.80	3.77	3
Chile	8.74	6.94	793.95	3.14	2.80	(7)
Syria	7.76	7.33	943.86	2.79	2.96	(19)
Japan	6.59	7.28	1,105.45	2.37	2.94	18
Saudi Arabia	6.36	8.61	1,352.95	2.29	3.48	(3)
Germany	6.28	6.35	1,011.01	2.26	2.56	1
USA	5.27	5.04	955.57	1.90	2.03	1
Jordan	5.20	5.46	1,049.18	1.87	2.20	11
Taiwan	4.74	3.75	791.27	1.70	1.51	8
Hong Kong	4.43	3.72	838.57	1.59	1.50	18
Ukraine	3.90	3.67	941.23	1.40	1.48	(6)
Belgium	3.52	2.82	801.44	1.27	1.14	58
Poland	3.19	4.15	1,300.95	1.15	1.67	12
Top 20 Totals	240.10	203.89	849.16	86.29	82.31	9

Source: Custom Data

First five black tea export destinations maintain their volume share in between 6% - 15%.

Exports of Green Tea

Green tea encountered 2% (4.6Mn.Kg) of total tea exports and revenue contributed by 4% (Rs.10.3 bn) of its total revenue during the year 2021. Among the all green tea export destinations, Top twenty represented 82% of volume and 80% by value. Out of leading twenty importers of Green teas, USA recorded a considerable volume of 0.6 Mn.kg while UK recorded high FOB prices for year 2021. Otherwise almost all the top 20 green tea exports destinations recorded high FOB prices while Libya and UAE recorded fairly low Prices. However, it has recorded 13% volume growth for top 20 green tea export destinations in year 2021 when compared to last year.

Table 3.11: Top-Twenty Destinations of Green Tea 2021 Exports

County	Quantity ('Kg)	Value (Rs.Mn)	FOB (Rs/kg)	Volume Share (%)	Value Share (%)	Qty Growth (%)('19Vs'20)
USA	623,105	2,078,665,214	3,335.98	13.54	20.00	29
Russia	561,621	883,419,653	1,572.98	12.21	8.50	(3)
UAE	432,718	411,425,163	950.79	9.41	3.96	159
Ukraine	379,901	529,829,404	1,394.65	8.26	5.10	(8)
Netherland (Holland)	263,770	880,666,327	3,338.77	5.73	8.48	(9)
Libya	209,858	194,592,402	927.26	4.56	1.87	(9)
Poland	162,177	396,484,899	2,444.77	3.52	3.82	21
Saudi Arabia	142,668	298,234,080	2,090.41	3.10	2.87	(33)
Australia	127,662	408,681,869	3,201.27	2.77	3.93	44
FRANCE	120,198	460,634,608	3,832.30	2.61	4.43	19
Taiwan	103,077	121,568,195	1,179.39	2.24	1.17	13
China	100,184	243,227,627	2,427.80	2.18	2.34	96
Chile	94,979	209,699,431	2,207.85	2.06	2.02	59
Nigeria	81,243	232,424,042	2,860.83	1.77	2.24	(22)
Germany	76,977	130,512,820	1,695.47	1.67	1.26	12
Canada	76,046	177,312,243	2,331.66	1.65	1.71	34
Uzbekistan	69,941	97,040,989	1,387.47	1.52	0.93	50
United Kingdom	68,859	337,694,010	4,904.16	1.50	3.25	(19)
Egypt	51,851	57,244,852	1,104.03	1.13	0.55	28
Czech Republic	47,389	164,080,027	3,462.39	1.03	1.58	13
Top 20 Totals	3,794,224	8,313,437,855	2,191.08	82.47	80.01	13

Source: Custom Data

Below graph indicate the volume share of the top 5 green tea exports destinations.

Exports of Instant Tea

Ireland is playing a vital role for Ceylon Instant tea market being the leading instant tea importing country from Sri Lanka and responsible for an import volume 2.4Mn.Kg. (80%) of Instant tea. China, USA, Thailand & Germany, maintained later positions in the list of major instant tea exports destinations respectively. During the review year, total Instant tea exported 3Mn Kg and respective value recorded as Rs 5.2 bn .

Exports of Ready to Drink (RTD) Teas

For 2021, total RTD exports could carry Rs.0.5 Mn of export revenue by exporting 898 liters of RTD teas. Maldives played a vital role in RTD market by importing 852 liters and it generated Rs.0.48 Mn. earnings to the country. Malaysia and India were other major markets for Ceylon RTD exports. However, during last two years, it was noticed that Sri Lankan RTD market was gradually declining.

3.5 Global Tea Industry Background

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.

Amongst tea producing countries, the principal producers are China, India, Kenya, Turkey & Sri Lanka. In the review year Sri Lanka has failed to position in the 4th place and Turkey has come to the forth surpassing the Sri Lanka's position. Meanwhile Vietnam dropped the fifth place in the main producing list. These five countries account for 85% of world production and 80% of global exports. 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 year 2020 performed was moderate with key performance indicators of exports, production, Auction prices and revenue performances (exports) compared to the other tea producing members.

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 2020.

Table 3.12: Highest Tea Extent Records

Country	2015(Ha)	2016(Ha)	2017(Ha)	2018(Ha)	2019(Ha)	2020(Ha)
China	2,810,000	2,920,000	3,059,000	2,985,800	3,065,500	3,165,130
India	566,660	577,480	590,000	636,560	636,560	636,560
Sri Lanka*	188,000	202,839	202,540	202,540	202,540	202,540
Kenya	209,426	218,538	232,742	234,300	269,430	269,430
Vietnam	125,000	134,000	134,000	130,000	130,000	130,000
Indonesia	119,361	118,100	116,500	115,300	114,300	113,500
Myanmar	79,000	80,000	80,000	81,000	81,400	81,400
Turkey	77,500	77,000	77,000	83,000	83,000	83,000
Bangladesh	53,500	59,000	59,000	59,300	61,000	65,429
Japan	39,300	43,100	42,400	41,600	40,600	39,100

Source: Annual ITC Bulletin of Statistics - 2021

*Estimated Area registered as Planted

According to the International Tea Committee (ITC), largest tea extent is found in China (62.08%) and they are rapidly expanding their tea extent annually. Tea area in Kenya also reached to a higher extent in 2010 to 2020. The top-ten countries of tea growing are bearing 94% of total tea extent.

Global Tea Consumption

Annual tea consumption and triennial average per capita tea consumption during the three years period of 2018-2020 reveal that the consumption was highest in China, recording 2,289 Mn.kg. Although the per capita consumption is low this was recorded as 1.64 Kg. Turkey showed the highest per capita consumption 3.2 Kg per head with 263.27 Mn Kg of annual consumption. Libiya also showed a high per capita consumption recording a 2.64 Kg per head.

Table 3.13: Country-wise Tea Consumption Statistics

Country	2016-18		2017-19		2018-20	
	Total	p hd	Total	p hd	Total	p hd
Libya	17.07	2.80	17.83	3.02	15.33	2.64
Afghanistan	38.77	1.37	30.77	1.02	27.87	0.91
Turkey	251.00	3.09	252.30	3.04	263.27	3.2
United Kingdom (a)	107.81	1.62	106.77	1.59	107.6	1.61
Morocco	70.95	2.04	73.05	2.07	74.23	2.09
Ireland Republic	8.66	1.79	9.76	2.00	10.38	2.1
Taiwan	36.14	1.29	36.67	1.31	36.55	1.3
Qatar	4.00	1.45	4.19	1.51	4.28	1.53
Sri Lanka	28.96	1.35	29.16	1.35	29.53	1.36
Hong Kong	11.26	1.52	11.85	1.59	12.37	1.65
Chile	20.66	1.11	20.25	1.09	21.45	1.12
Syria	11.10	0.65	10.70	0.60	9.85	0.64
Egypt	93.02	0.96	99.86	1.00	98.85	1
Iraq	42.30	1.12	43.50	1.13	43.23	1.11
Iran	76.83	0.94	81.87	1.00	78.23	0.94
China	2,050.33	1.48	2,152.67	1.55	2289	1.64
India	1,036.00	0.82	1,083.33	0.84	1091	0.83
CIS	248.90	0.85	245.33	0.83	239.23	0.82
Pakistan	180.18	0.85	190.81	0.89	216.34	1.01
USA	125.61	0.39	120.96	0.37	114.09	0.35
Japan	103.87	0.82	104.21	0.82	100.05	0.79
Indonesia	94.00	0.36	94.33	0.35	95.33	0.36
Bangladesh	82.33	0.51	82.83	0.50	85.17	0.51
Poland	36.59	0.96	37.37	0.98	38.78	1.02
Germany	29.69	0.36	28.07	0.34	24.93	0.3

Source: Annual ITC Bulletin of Statistics – 2021

Total: Mn kg

P hd : kg

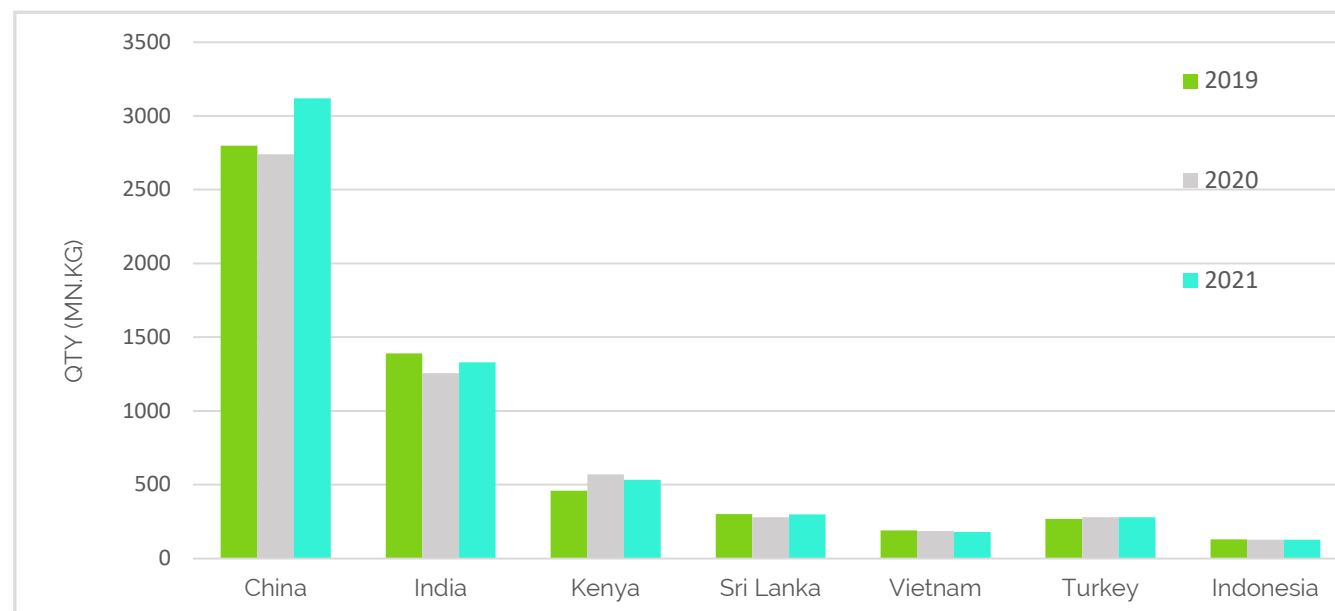
Global Tea Production

Global tea production reached up to 6.5Bn. Kg during the year 2021 and it showed 3% increase compared to year 2020. China, India, Kenya, Sri Lanka, Turkey, Vietnam and Indonesia represented around 91% of global tea production for year 2021. 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 fourth largest tea producer in the global producer list with increasing annual production of Ceylon tea in year 2021 while Turkey position go down to the forth place. However, Sri Lanka share of the global tea production is 5% in year 2021.

China occupies the highest position with 3,120 Mn.kg with a share of world production of 48 % and India stayed at second with an annual production of 1,329 Mn.kg. with a share of 21% of world Tea Production in 2021. Kenya is placed as the third with its manufacturing level at 533 Mn.kg. and 8% share. As the fifth contributor to the world tea production Turkey produced 280 Mn kg with a share of 4% in 2021.

Chart 3.6: World Tea Production Statistics



Source: Sri Lanka Customs

Global Tea Sales

Colombo Auctions handled 296 Mn.Kg of tea for average price per kilogram at US\$ 3.09 for year 2021. However, volume traded in Mombasa Auctions also maintained over 500 Mn.kg and Kolkata Auctions had traded considerable volume of 169 Mn Kg in 2021. 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 3.14: Statistics of Major Tea Auctions (Qty. - in Mn.Kg. Avg. Unit Price - in US\$/Kg.)

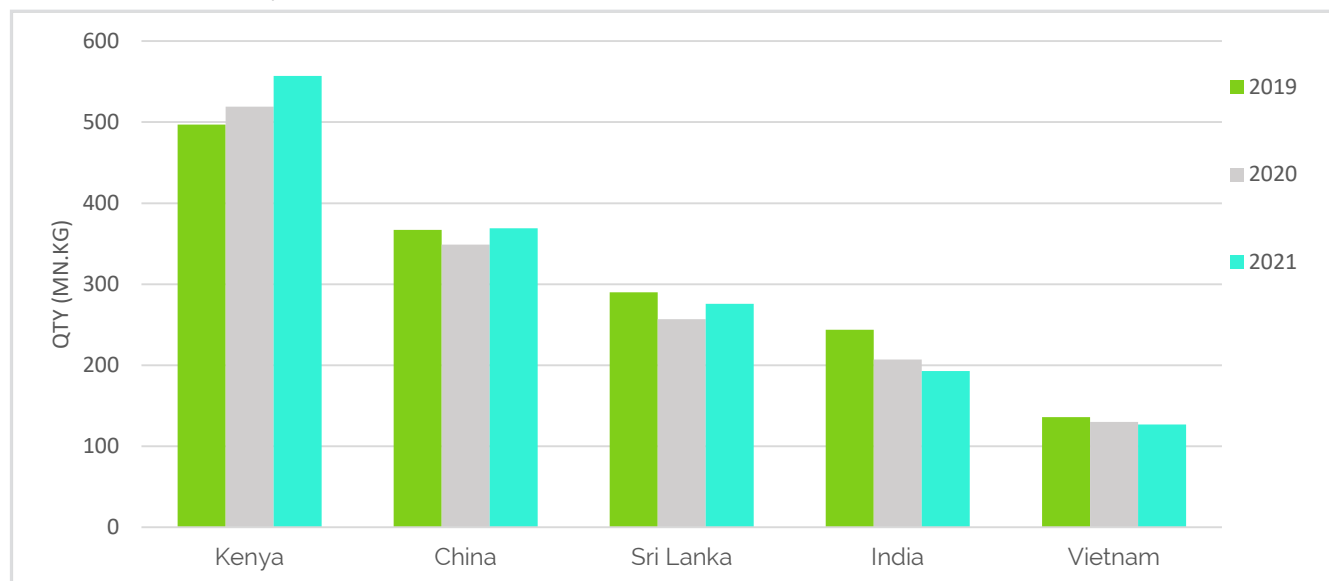
Auction Centre	2018		2019		2020		2021	
	Qty.	Price	Qty.	Price	Qty.	Price	Qty.	Price
Chittagong	79	3.12	85	2.31	82.99	2.05	88	2.32
Cochin	48	1.81	42	1.66	41.52	1.92	48	1.92
Colombo	288	3.60	298	3.07	268.24	3.39	296	3.09
Guwahati	177	2.13	150	2.09	162.52	2.69	155	2.49
Jakarta	-	-	-	-	-	-	-	-
Kolkata	159	2.46	168	2.43	132.60	2.91	169	2.86
Limbe	9	1.84	9	1.46	5.98	1.44	13	1.38
Mombasa	458	2.43	454	2.04	516.80	1.93	504	1.97

Source: computed from ITC Web Site

The Colombo auction center exceeds the average price USD 3.00 per Kg in year 2021 and it was able to keep the prices above US\$ 3 for last many years. During the review period, Chittagong, Kolkata, and Guwahati auction centers exceeded the 2 dollars per Kg and Kolkata holds the second largest average auction price while Guwahati holds the third position.

Global Tea Exports

Chart 3.7: Major Tea Exporters



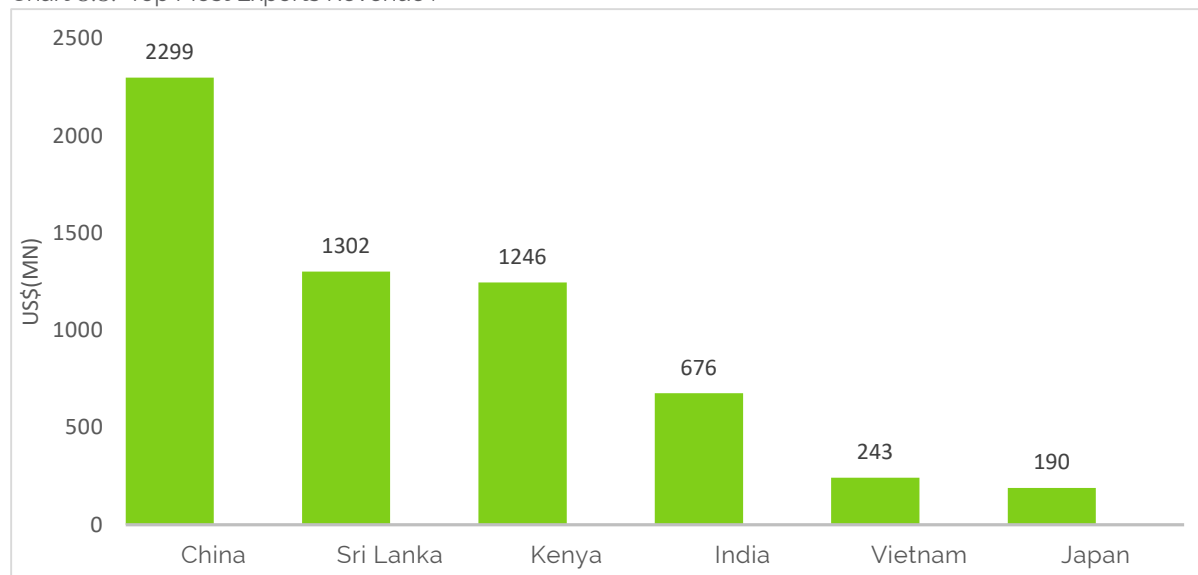
Source: Supplement to Annual ITC Bulletin of Statistics – 2021

Note: Sri Lankan Figure with excluding Re-exports

Global tea exports during 2021 showed shrinkage of 49 Mn.kg (3%) as against the previous year. India & Vietnam showed a negative growth of its exports by 7% & 2% respectively against last year. Kenya showed an increase of its export quantities and obtaining 7% growth compared to the year 2020. The three largest exporters, viz, Kenya, China and Sri Lanka accounted for more than 64% of global exports.

The leading tea exporting countries with their export revenues in year 2021 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 continue US\$ 1.3 billion industry status with its pure Sri Lankan tea exports.

Chart 3.8: Top Most Exports Revenue .



Source: Annual ITC Bulletin of Statistics – 2021

4. Approach to the Sustainable Development Goals



Sustainable Development Goals (SDGs) are bold, universal agreement to end poverty in all its dimensions and craft an 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 into 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.

In Sri Lanka tea board context, from all the established 17 goals, several goals apply to the tea industry. The efforts that Sri Lanka Tea Board and all stakeholders to achieve the sustainable tea industry elaborated briefly under each goal.



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

- Conducting awareness programs to tea growers to uplift the quality standards.
- Constant supervision and monitoring mechanism to ensure green leaf standard and paying reasonable price for smallholders, thus trickling down the export FOB price through registered manufacturers, currently around 585 tea factories and 485,000 tea small holders, RPC estate workers

During the period 2020- 2021, Sri Lanka Tea industry has made a good progress and industry players have achieved higher performance when compared to year 2019 and consequently, income from tea exports are getting trickled down to smallholders.

Sri Lanka Tea Board contributes to the 2nd goal by implementing several programs which comply with the sub point number 2.4 and 2.5.

- To increase the availability of quality tea plants, model tea nursery project was implemented and end of the year 2021, 113 tea nurseries established producing 8.5Mn tea plants and paid Rs.55.78Mn.
- Handling MRL issues in Japan (MCPA & Diuron), UK (Diuron), S. Korea (2.6 DIPIN) Germany (Trimethy Sulforium), Taiwan (Glyphosate)
- Detection of Diuron reduce in tea exports is major concern (Complains from Tea importers)



- During Covid 19 pandemic situations Sri Lanka Tea Board provided necessary guideline and direction to the tea factories and plantation workers to continue tea production process without any interruption while following health guidelines.
- Sri Lanka Tea Board distributed dyed face mask among SLTB Staff and with promotional programs with lion logo during COVID 19 pandemic period

- 72 employees participated for the training programs organized by the SLTB with the guidance of relevant heads of divisions.
- To increase the awareness of growers, dealers and motivational programs with lion logo during COVID 19 pandemic period

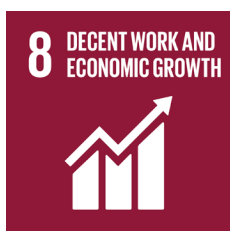




- In Sri Lanka Tea Board there are no any bias on the gender basis and it encourage to all the stakeholders to process all activities without any gender bias. The employees of the SLTB engage their work without any gender bias.



- In 2021, Sri Lanka Tea Board introduced Solar power subsidy scheme and under the program, SLTB allocated interest subsidy of Rs.80Mn for solar power installation at 156 tea factories and Export companies following green energy concept.



- New project planning activities on subsidy scheme for encouraging product innovation and diversification in the Sri Lanka Tea Industry
- Introduced 5% incentive scheme for exporters to encourage value added tea exports

- Tea Factory Modernization Subsidy Scheme was implemented and so far, covered 42 Factories incurring Rs.20.19Mn
- Sri Lanka Tea Board distributed dyed face mask among SLTB Staff and with promotional programs with lion logo during COVID 19 pandemic period



- To increase tea productivity of tea lands Tea Replanting subsidy scheme implemented . Under the subsidy scheme Rs.79.81mn paid in 2021 for re plantation of 263 heaters
- Rs.25Mn was allocated to get the moisture meters for 250 tea factories.
- Rs.10Mn allocated a 50% subsidy scheme to get HACCP certification for 214 tea factories; upgrade their standards and international recognition

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



- Model Organic/Bio fertilizer Project- Subsidy amount -Rs.500, 000/= per unit. 72 model fertilizer units have started their production up to now 1400MT have been produced.
- Organic/Bio fertilizer General Project- Subsidy amount -Rs.300, 000/= per unit and at the end of December 2021, the approval has given for 141 to establish bio fertilizer units and 81 have signed the agreements.

- A MOU signed with Islamic republic of Iran on 21st December 2021 for the settlement of Sri Lankan Oil outstanding to the Iran through the exportation of Ceylon tea
- Bilateral Trade meetings with the relevant Governments to reduce import duty & non-Tariff barriers (India / Pakistan / Turkey / Iran / Russia / Bangladesh / Thailand / South Africa & etc.)



5. FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITIONAs at 31st December 2021

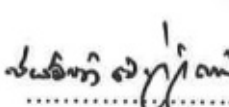
ASSETS	Notes	2021 (Rs.)	2020 (Rs.)
Non-current Assets			
Property, Plant and Equipment	F	908,011,343.42	834,002,398.10
Prepaid Leasehold Right to Land	G	2,503,722.21	2,580,107.81
Intangible Assets	H	24,353,346.91	18,683,407.32
		934,868,412.54	855,265,913.23
Current Assets			
Inventories	I	32,614,624.72	35,975,522.72
Trade and Other Receivables	J	133,629,022.43	86,978,501.12
Deposits and Prepayments	K	30,610,919.26	45,623,918.19
Other Financial Assets	L	8,752,587,567.50	7,621,289,731.25
Loans	M	1,244,653,507.12	2,210,370,586.25
Cash & Cash Equivalents	N	174,934,864.88	151,302,423.72
		10,369,030,505.91	10,151,540,683.25
Total Assets		11,303,898,918.45	11,006,806,596.48

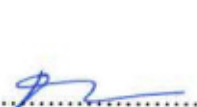
EQUITY AND LIABILITIES			
Contributed Capital		672,012,201.85	672,012,201.85
Retained Earnings		(172,889,011.73)	(138,037,671.84)
Promotion and Marketing Levy	O	9,476,026,218.81	9,151,390,517.56
Revaluation Reserve		537,223,480.50	537,223,480.50
Total Equity		10,512,372,889.43	10,222,588,528.07
Non-Current Liabilities			
Employee Benefit Obligations	P	58,344,043.65	70,461,681.09
		58,344,043.65	70,461,681.09
Current Liabilities			
Income Tax payable	Q	22,959,560.28	34,614,463.63
Trade and Other Payables	R	709,462,474.79	678,318,079.34
Bank Overdraft	S	759,950.30	823,844.35
		733,181,985.37	713,756,387.32
Total Liabilities		11,303,898,918.45	11,006,806,596.48

The accounting policies on pages 71 to 84 and Notes on pages 85 to 90 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: 20/12/21


Director General
 Date: 21/12/21


Chairman
 Date: 20/12/21


Director
 Date: 25/12/21

INCOME STATEMENTFor the year ended 31st December 2021

	Notes	2021 (Rs.)	2020 (Rs.)
INCOME	A	616,447,344.50	455,013,176.55
EXPENDITURE			
Tea Sector Development Expenditure	B	(177,021,113.66)	(63,979,702.12)
Administrative Expenses	C	(449,018,158.62)	(442,916,930.49)
Operating Surplus / (Deficit)		(9,591,927.78)	(51,883,456.06)
Finance Income	D	22,916,904.02	47,487,608.47
Finance Expenses	E	(169,885.00)	(6,335,483.30)
Surplus / (Deficit) Before Taxation		13,155,091.24	(10,731,330.89)
Tax paid on Interest Income	Q	(4,961,057.56)	(10,716,323.56)
Surplus / (Deficit) After Taxation		8,194,033.68	(21,447,654.45)

The accounting policies on pages 71 to 84 and Notes on pages 85 to 90 form an integral part of these Financial Statements.

STATEMENT OF OTHER COMPERHENSIVE INCOMEFor the year ended 31st December 2021

	2021 (Rs.)	2020 (Rs.)
Surplus / (Deficit) for the period	8,194,033.68	(21,447,654.45)
Revaluation surplus / (loss)	-	27,456,494.80
Surplus / (Deficit) for the period	8,194,033.68	6,008,840.35

The accounting policies on pages 71 to 84 and Notes on pages 85 to 90 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY**Year Ended 31st December 2021**

	Contributed Capital (RS.)	Promotion & Marketing Levy (RS.)	Revaluation Reserve (RS.)	Retained Earnings (RS.)	Total (RS.)
Balance as at 01st January 2019	672,012,201.85	7,474,510,801.00	508,216,543.20	(123,546,104.00)	8,531,193,442.05
Promotion and Marketing Levy (Note - O)	-	1,082,860,694.06	-	-	1,082,860,694.06
Adjustments	-	446,175,971.87	1,550,442.50	3,869,486.48	451,595,900.85
Surplus for the year 2019	-	-	-	2,675,523.48	2,675,523.48
Balance as at 31st December 2019	672,012,201.85	9,003,547,466.93	509,766,985.70	(117,001,094.04)	10,068,325,560.44
Balance as at 01st January 2020	672,012,201.85	9,003,547,466.93	509,766,985.70	(117,001,094.04)	10,068,325,560.44
Promotion and Marketing Levy (Note - O)	-	148,907,390.13	-	-	148,907,390.13
Adjustments	-	(1,064,339.50)	-	411,076.65	(653,262.85)
Surplus for the year 2020	-	-	27,456,494.80	(21,447,654.45)	6,008,840.35
Balance as at 31st December 2020	672,012,201.85	9,151,390,517.56	537,223,480.50	(138,037,671.84)	10,222,588,528.07
Balance as at 01st January 2021	672,012,201.85	9,151,390,517.56	537,223,480.50	(138,037,671.84)	10,222,588,528.07
Promotion and Marketing Levy (Note - O)	-	744,046,096.93	-	-	744,046,096.93
Adjustments	-	(419,410,395.68)	-	(43,045,373.57)	(462,455,769.25)
Surplus for the year 2021	-	-	-	8,194,033.68	8,194,033.68
Balance as at 31st December 2021	672,012,201.85	9,476,026,218.81	537,223,480.50	(172,889,011.73)	10,512,372,889.43

The accounting policies on pages 71 to 84 and Notes on pages 85 to 90 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOW

Year Ended 31st December 2021

Cash Flows From Operating Activities	2021 (Rs.)	2020 (Rs.)
Net Profit from Operations	8,194,033.68	(21,447,654.45)
Adjustments for		
Depreciation of PPE	38,154,508.97	43,153,712.06
Profit or Loss disposal of PPE	931.09	-
Amortization of Lease hold lands	76,385.60	76,385.60
Amortization of Intangible assets	3,909,036.92	3,953,111.71
Gratuity Provision	957,005.52	18,461,431.13
Finance Expenses	169,885.00	6,335,483.30
Finance Income	(22,916,904.02)	(47,487,608.47)
Adjustments	6,198,261.03	-
Provision for Taxation	4,961,057.56	10,716,323.56
	31,510,167.67	35,208,838.89
Operating Profit before Working Capital Changes	39,704,201.35	13,761,184.44
Decrease /(Increase) in Inventories	2,779,513.28	(15,170,750.99)
Decrease /(Increase) in Trade and Other Receivables	(45,309,268.11)	(7,669,328.84)
Decrease /(Increase) in Deposit & Prepayment	18,737,812.23	48,414,960.28
Decrease /(Increase) in Trade & Other Payables	68,568,208.23	171,595,789.11
Decrease /(Increase) Income Tax Payables	(11,654,903.35)	(35,298,324.06)
Loan to RPC'S	456,092,766.63	(423,988,780.04)
	489,214,128.91	(262,116,434.54)
Cash Generated from Operations	528,918,330.26	(248,355,250.10)
Gratuity Paid	(13,074,642.96)	(15,074,040.00)
Taxation	(4,961,057.56)	(13,456,705.65)
Net Expense for promotional activities	743,107,884.59	147,843,050.63
Net Cash From Operating Activities	725,072,184.07	119,312,304.98
Cash Flows (used in) Operating Activities	1,253,990,514.35	(129,042,945.12)
Cash Flows (used in) Investing Activities		
Cash received from sale of PPE	7,900.00	-
Finance income	22,916,904.02	47,487,608.47
Acquisition Intangible Assets	(9,578,976.51)	1,195,033.02
Acquisition of Property Plant & Equipment	(112,172,285.40)	(13,793,605.58)
Investments including P & M Levy	(1,131,297,836.25)	158,906,893.26
Net Cash Flows used in Investing Activities	(1,230,124,294.14)	191,405,863.13
Cash Flows Used in Financing Activities		
Finance expenses	(169,885.00)	(6,335,483.30)
Bank Loan	-	(135,682,622.16)
Net Cash Flows / (Used in) Financing Activities	(169,885.00)	(142,018,105.46)
Net Increase / (Decrease) in Cash and Cash Equivalents	23,696,335.19	(79,655,187.45)
Cash and Cash Equivalents at the beginning of the year	150,478,579.37	230,133,766.82
Cash and Cash Equivalents at the end of the year	174,174,914.58	150,478,579.37

The accounting policies on pages 71 to 84 and Notes on pages 85 to 90 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2021

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 2021 and these financial statements are authorized by the board of directors on 28th February 2022.

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 conduct of the auctions, monitors quality standards and regulates the sales, exports, brokers, warehousing and shipping of tea. SLTB also regulate control and direct all institutions and organizations engaged in the management of tea estates and in 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.

The financial statements are presented in Sri Lankan Rupees.

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 recognized in the income statement as incurred.

3.3 Depreciation

Depreciation 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 Equipments	05 years
Library Books	05 Years
Laboratory Equipments	03 - 10 Years
Computer Software	01 - 10 Years

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2021

3.4 Revaluation

Due to some of the Assets reached to the scrap value, Revaluation was done to the entire Class of the Assets except land and Buildings and laboratory equipment. Land and Building were valued by the Department of valuation. Laboratory Equipment was valued by the Industrial Technology Institute, but report was not yet given.

3.5 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.

3.6 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 fulfillment 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

3.7 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 As At 31.12.2021

Intangible Assets	Expected useful life
POS System – Sales Counter	1 year
License for SQL 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	2 years
Finpac module integration	6 years
FINPAC Fixed Assets Module	10 years
hSenid – TI Module Software	3 years
DMS- Tea Land Registration Software	10 years
Hsenid HR System	3 years
DMS – Tea land Data Management System	10 years
System	5 years
Hsenid Payroll module	5 years
POS Inventory Control System	10 years

3.8 Taxation

Sri Lanka Tea Board paid income tax only for interest income earned. Relevant details are disclosed in Note R to the Financial Statements. The tax rates and tax laws used to compare the amount are those that are enacted or substantively enacted on the reporting date

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2021

3.9 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.

3.10 Cash & Cash Equivalents

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

4. LIABILITIES AND PROVISIONS

4.1 Retirement Benefit Obligations

4.1.1 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. In order to meet this liability using the Projected Unit Credit (PUC) method as recommended by Sri Lanka Accounting Standards No. 19 "Employees Benefits". The resulting difference between the brought forward provision at the beginning of the year and the carried forward provision at the end of the year is dealt with in the Statement of other comprehensive income.

The principal assumptions used in the calculations are as follows.

Expected Annual average salary	- 1.01% to 1.03%
Increment rate	- 1.01% to 1.03%
Interest rate / discount rate	- 8.2%
Staff turnover factor	- 5.32 %

Accordingly the present value of the Defined benefit obligation (PVD BO) as at 31st December 2021 with respect employees in service based on the assumptions and methodology explained amounting to Rs.58,344,043.65

4.1.4 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.

5. 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

Government grants under the capital vote are entirely used for the payment of development subsidies for factory modernization subsidy Scheme and Tea Replanting Subsidy Scheme. A government grant under the recurrent vote is used for the payment of salaries to employees.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2021

5.1 Revenue Recognition

Revenue is recognized 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 recognized;

Sale of goods

Revenue will be recognized 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.

Rendering of services

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

Other income is recognized on an accrual basis.

Interest income

For all financial instruments measured at amortized 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.

5.2 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 three overseas offices. All the expenses other than salaries of the three officers attached to the said units have been accounted under Promotional & Marketing levy as maintenance Expenditure of each units (Moscow, UAE & China).

NOTES TO THE FINANCIAL STATEMENTSYear Ended 31st December 2021**6. LIABILITIES AND PROVISIONS****6.1 Pending Court Cases As At 31st December 2020**

No	Case No.	Court	Parties	Cause of Action	Present Status
1	Arbitration	ICLP Arbitration Centre	Sri Lanka Tea Board – Claimant K.T.E.N. Subasena – Respondent	SLTB claims loss and damage of Rs. 1,617,017.37 in connection with the refusal and willful failure to perform and discharge the respondent's obligations under the Contract for Roof repair, water proofing, toilet floor, walls and colour washing at SLTB. Cross claim of Rs. 6,321,360.15 by the Respondent against the SLTB	Arbitral Award was delivered on 27.07.2021 awarding Rs. 485,232 + 1% subject to deducting Rs. 382,200/-
2	DMR 00780/11	District Court, Colombo	F. Hewakuruppu – Plaintiff Sri Lanka Tea Board – Defendant	An order to Re-pay Rs. 1,143,600/- to the petitioners by SLTB who has charged the same as registration fee, Legal Interest.	Pending
3	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 2nd Defendant, legal interest and cost of litigation	Pending
4	CA (Writ) 184/2020	Court of Appeal	Harangalla Plantation (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order suspending the operation of suspension/ cancellation of Harangalla Tea Factory Writ of Certiorari quashing the decisions to cancel/ suspend of Harangalla Tea Factory Writ of Prohibition on placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Harangalla Tea Factory, Cost	Pending
5	CA (Writ) 185/2020	Court of Appeal	Wikiliya Plantations (pvt) Ltd., Sesame Senhora Tea Company (pvt) Ltd., Sanrose Teas (pvt) Ltd., Yara Valley (pvt) Ltd., Harangalla Plantation (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Writ of Prohibition prohibiting the canceling suspending the registration of any one or more of the 5 factories :- without conducting a due and proper inquiry & on the samples already taken, - until security / integrity/ chain of custody of samples could be safeguarded/ assured in accordance with best practices & standards, - on the purported basis that the said factories have failed to obtain / submit HACCP certification, Cost	Pending

6	CA (Writ) 195/2020	Court of Appeal	Kurugama Tea Factory (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	<p>Interim order</p> <ul style="list-style-type: none"> • suspending the operation of suspension/ cancellation of registration of Kurugama Tea Factory • suspending the operation of documents P2 & P3 • preventing tea brokers from purchasing made tea from the Petitioner <p>Writ of Certiorari quashing –</p> <ul style="list-style-type: none"> • the cancellation/ suspension of registration of Kurugama Tea Factory • documents P2 & P3 <p>Writ of Prohibition prohibiting the Respondents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Kurugama Tea Factory, Cost</p>	Pending
7	CA (Writ) 196/2020	Court of Appeal	N.M.M. Brothers (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	<p>Interim order suspending</p> <ul style="list-style-type: none"> • the operation of suspension/ cancellation of registration of Dehiwatte Tea Factory • suspending the operation of P2 & P4 • preventing tea brokers from purchasing made tea from the Petitioner <p>Writ of Certiorari quashing the cancellation/ suspension of registration of Dehiwatte Tea Factory & quashing documents P2 & P4</p> <p>Writ of Prohibition prohibiting the Respondents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Dehiwatta Tea Factory, Cost</p>	Pending
8	CA (Writ) 197/2020	Court of Appeal	Elbrahim Sithy Ridaya & 4 others – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	<p>Interim order suspending –</p> <ul style="list-style-type: none"> • the operation of suspension/ cancellation of registration of Rosyth Tea Factory • suspending the operation of P2 & P3 • preventing tea brokers from purchasing made tea from the Petitioner <p>Writ of Certiorari quashing the cancellation/ suspension of registration of Rosyth Tea Factory & documents P2 & P3</p> <p>Writ of Prohibition prohibiting the Respondents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Rosyth Tea Factory, Cost</p>	Pending

9	CA (Writ) 198/2020	Court of Appeal	G. Savarimuthu Retty & sons (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order suspending the operation of <ul style="list-style-type: none"> • suspension/ cancellation of registration of Uplands Tea Factory • suspending the operation of P2 & P3 • 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 Respondents placing restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Uplands Tea Factory, Cost	Pending
10	CA (Writ) 199/2020	Court of Appeal	Gatagahewala Plantation (pvt) Ltd. – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order suspending <ul style="list-style-type: none"> • the operation of suspension/ cancellation of registration of Gatagahewala Tea Factory & the operation of P2 & P3 • 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 pertaining to the purchase of made tea from Gatagahewala Tea Factory, Grant Cost	Pending
11	CA (Writ) 200/2020	Court of Appeal	H.M. Rumes Rangan – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order <ul style="list-style-type: none"> • suspending the operation of suspension/ cancellation of registration of New Fernland Tea Factory & the operation of P2 & P3 • 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 restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from New Fernland Tea Factory, Cost	Pending

12	CA (Writ) 337/2020	Court of Appeal	Maskeliya Plantations PLC – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order • staying the operation of documents marked P8 & P5 • 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 Factory Writ of Certiorari quashing documents P8, P5 & P6 Writ of Prohibition prohibiting the restrictions on Licensed Tea Brokers pertaining to the purchase of made tea from Craig Tea Factory, Cost	Pending
13	CA (Writ) 364/2020	Court of Appeal	Samrin Holding (Pvt) Ltd. Rangana – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order • suspending the operation of suspension/ cancellation of registration of Samrin Tea Factory & the operation of P7 & P8 • preventing issuing directions to tea brokers from withdrawing tea from tea Auction and sale of tea Writ of Certiorari quashing the cancellation/ suspension of registration of Samrin Tea Factory 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
14	CA (Writ) 443/20	Court of Appeal	Mathurata Plantations Limited – Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents	Interim order • Suspending the operation of suspension/ cancellation of registration of High Forest Tea Factory & the operation of P4 & P3 • Preventing issuing directions to tea brokers from cataloguing, selling or purchasing made tea Writ of Certiorari quashing the cancellation/ suspension of registration of High Forest Tea Factory Writ of Certiorari quashing documents P4 & P3 Writ of Prohibition prohibiting the restrictions on Licensed Tea Brokers pertaining to the purchase/ sale of made tea from High Forest Tea Factory, Grant Cost	Pending

15	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 Writ of Prohibition prohibiting to take action on document marked P3 Cost	Pending
16	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 Grant Cost	Pending
17	CA (Writ) 581/21	Court of Appeal	Marakanda Tea Factory – Petitioner Sri Lanka Tea Board & six others – Respondents	Writ of Prohibition preventing taking steps to impose punitive sanction under section 8(2) Writ of Prohibition prohibiting the suspension of registration of Marakanda Tea Factory, Writ of Certiorari quashing document marked P11, Writ of certiorari restricting on Licensed Tea Brokers pertaining to the purchase/ sale of made tea from Marakanda Tea Factory, Grant Cost	Pending
18	CA (Writ) 629/21	Court of Appeal	Thabara Tea Factory & one other – Petitioner Tea Commissioner & ten others – Respondents	Writ of Certiorari quashing documents P25 & P 26 Writ of Mandamus to give effect to act according to P2	Pending
19	SC/HC/ LA 69/2018	Supreme Court	Colombo Business School – Claimant Petitioner Appellant Sri Lanka Tea Board & Attorney General – Respondent	Set aside the judgment of the Commercial High Court of Colombo dated 18.05.2018 (issued dismissing the petition of Colombo Business School (CBS) (petitioner) who had claimed damages Rs. 4,938,785.81 together with 20% interest thereon from 23.09.2003 until the dates of Arbitration Award (14.11.2012) Legal Interest, Statutory charges Cost of litigation Rs. 750,000/-) Re trial before the Commercial High Court of Colombo Cost	Reserved for Judgement.
20	SC FR 429/16	Supreme Court	H.M.M. Sedara & 23 others – Petitioner Sri Lanka Tea Board & 30 others – Respondent	Order to provide a suitable promotional post/path for the clerical and Allied services of SLTB and promote to the next promotional grade, Cost	Pending
21		Supreme Court	K.B.P.S. Lakshman – Petitioner Sri Lanka Tea Board – Respondent	Quash the appointments of 21st – 24th Respondents Promote the Petitioner to the ATC position Compensation of Rs. 1.5 Million, Cost of Litigation	Pending

22		Supreme Court	Sesame Senhora Tea Company (pvt) Ltd. – Petitioner- Petitioner Sri Lanka Tea Board, Chairman, Director General & Tea Commissioner- Respondents - Respondents	Interim order - suspending the operation of P7 & P9 -Restraining from imposing restrictions on Licensed Brokers Set aside the Judgment of Court of Appeal Enter a judgment as prayed by the Petitioner- Petitioner Cost	Pending
23		Supreme Court	Mathurata Plantation Ltd – Respondent Petitioner Rado Lanka (pvt) Ltd. & 7 others – Petitioner Respondent	Grant Special Leave to appeal against the document marked Z, Reject the Petition, Grant Cost	Pending

7. RELATED PARTY TRANSACTIONS

7.1 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.

Nature of Transaction	2021 (Rs.)	2020 (Rs.)
Transaction:	318,000,000	215,000,000

Revenue

In the year 2001 Sri Lanka Tea Board has entered into agreement with JEDB to use the properties of JEDB for Ceylon Tea Museum for 30 years.

Additionally Sri Lanka Tea Board has given Rs. 34 Million Temporary loan to JEDB.

7.2 Fixed Assets purchased for Tea House (Tea Moment) were temporary transferred to Sri Lanka Cashew Corporation on return basis

7.3 Sri Lanka Tea Board has released 02 vehicles to NIPM.

The above 02 vehicles had been transferred to NIPM based on the instructions given by the MPI on temporary basis.

NOTES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021****8. KEY MANAGEMENT COMPENSATION**

SLTB key management personnel include the Board of Directors.

Mr. Jayampathy Molligoda Chairman Sri Lanka Tea Board is serving as the Chairman of the Tea Museum.

Mr. S.A.Siriwardana Director General of Sri Lanka Tea Board is serving as the member of the Board of the Ceylon Tea Museum.

Additional Disclosures

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

Regional Office	Division	Name and address	Agreement Period	Monthly Rental (Rs.)
Baduraliya	Matugama	Mr T. Kumarage Horagodakattiya, Iddagoda, Matugama	2020/9/1 to 2022/8/31	15,000.00
	Ingiriya	Ms Seetha Bamunusinghe, 4th Lane, Elsmore Estate, Panadura Rd, Ingiriya	2020/1/1 to 2021.12.31	15,000.00
	Elpitiya	Mrs IG Kamalawathi Kamala Grossary, Igala, Elpitiya	2021/4/1 to 2023/3/31	15,000.00
Galle	Yakkalamulla	Mr NG Jayatilake 13 Post, Thellebura, Nakiyadeniya, Galle	2020. 01. 01 2021. 12. 31	15,000.00
	Galle	Mr KH Ariyadasa No.31/1/A, Sri Maha Bodhi Rd., Dehiwala	2020/6/2 to 2022/6/1	15,000.00
	Nagoda	Mr JK Amarawardene No.229, Universal City, Hapugala, Wakwella	2020/6/3 to 2022/6/2	15,000.00
	Hiniduma	Mr WKD Sachith Sachith', Tawalama South, Thawalama	2020/1/1 to 2021/12/31	15,000.00

Gampola	Gampola	Mr WAGU Wijesinghe 173/A, Mahara, Gampola	2020/8/1 to 2022/7/31	15,000.00
	Udunuwara	Mrs KDSK Senadheera 8/2, Naranwala, Gampola	2020/8/8 to 2022/8/7	15,000.00
	Matale	Mrs RP Karunasekera Kaikawala, Matale	2020/5/1 to 2022/4/22	15,000.00
	Mawanella	Mr MGGD Karunaratne No.89/1, Kehelwala, Kiribathkumbura, Peradeniya	2021/1/1 to 2023/1/1	15,000.00
	Kandy	Mrs WMC Kumarihami No.170/6, Samagi Mawatha, Ranawana, Katugastota	2020/12/1 to 2022/12/1	15,000.00
	Nawalapitiya	Mr MVBV Gunasekera No. 800 2/1, Nawalapitiya Rd, Eth Gala, Gampola	2021/1/7 to 2023/1/6	15,000.00
Ratnapura	Kalawana	Mr TML Kumarasiri Mal Renu', Raddalla Rd, Manaana, Kalawana	2020/1/1 to 2021/12/31	15,000.00
	Pelmadulla	Mr M Punyaratne Malgonnawatta, Darmapala Mw, Pelmadulla	2020/12/1 to 2021/11/30	Rs.180000/- paid for agreement period
	Rakwana	Mrs HMPK Kumari No. 33/10, Telecom Road, Rakwana	2021/5/15 to 2023/5/14	15,000.00
	Balangoda	Mr. H. K. H. Sri Priyal Ellepola, Balangoda	2019. 06. 01 2021. 05. 31	7,500.00
	Ratnapura	Mr YS Kanthi 68B, Muththattupita, Hidellana, Ratnapura	2021/4/1 to 2022/3/31	15,000.00

Bandarawela	Hali Ela	Mr VMNR Kumaradasa No. 149/15, Station Road, Hali Ela	2020/5/1 to 2022/4/30	15,000.00
	Passara	Mr APSK Aberatne Vasanthi, Badulla Road, Hela Halpe	2021/1/31 to 2023/1/30	15,000.00
	Welimada	Mrs KD Premawathi Warallawatta, Kappetipola, Welimada	2020/5/1 to 2022/4/30	15,000.00
Nuwara Eliya	Talawakelle	Mr WV Danapala 350/1/A, Nuwara Eliya Road, Lindula	2020/8/14 to 2022/8/13	15,000.00
	Ginigathhena	Ms AK Seelagama Norris Land, Bagathuluwa, Udabulathgama	2020/3/1 to 2022/2/28	15,000.00
Matara	Deniyaya	Mrs BC Namali Santhi, 51 junction, Deniyaya	2020/3/15 to 2022/3/14	15,000.00
	Urubokka	Mr EA Wanniarachchi Dodamkoratuwa, Ginnaliya Road, Urubokka	2019/12/1 to 2021/11/30	15,000.00
	Morawaka	Mrs E Karunawathi 551, Dishanwalya Asala, Polgasvila, Morawaka	2020/7/1 to 2022/6/30	15,000.00
	Akuressa	Mrs Nalini Priyanka, Mahakurunduwatta, Matara Road, Akuressa	2020/11/1 to 2022/10/31	15,000.00
	Kotapola	BGS Madurasath	2021/7/1 to 2023/6/30	15,000.00
New house – 570/1, Galle Road, Colombo 03. Mr. Harsha Wijeweera			2 years from 1/2/2021	100,000.00
Trico Logistic Pvt. Ltd.			2021.11.26 - 2022.11.25	55,000.00
Mr. G. J. Amarathunga - Matara Regional Office			2021.01.01 – 2023.01.01	100,000.00
Mrs. Rosanthi De Silva Galle Regional Office			2020.03.11 – 2022.03.10	135,000.00

The Contracts awarded before the ending of the financial year (31st December 2021) which does not have physical commitment as of the Balance Sheet date worth Rs. 9.98 Mn.

• Distress Loan to RPC

As approved by the Cabinet on 21st March 2017 and the Board of directors of Sri Lanka Tea Board, it had been allocated a sum of Rs.1 Bn from Promotion fund of Sri Lanka Tea Board during the year 2017 for the purpose of issuing a medium term loan to the Tea Board. Regional Plantation companies in proportion to the registered work force of each one for a period of 03 years at a concessionary rate of interest of 5% per annum payable monthly and the loan is administered by the Sri Lanka Tea Board.

• Loan to General Treasury – Consolidated

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 to refund it based on the request by SLTB When it is necessary.

Payment of holiday wages & Deepavali festival advance to the works of Regional Plantation companies Board on the Cabinet decision dated 05th October 2019.

• 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 31.12.2020	(234)
Undisbursed loan balance transferred to SLTB (1-2)	266
Recovery of Refinance as at 31.12.2020	34
Funds transferred to SLTB during 2021	300

Rs. 200 Mn. Outstanding as at 31st December 2021 from Supply chain Re Energizing Loan Scheme (SCREL)

• Subsidy Scheme for establishment of standardized Tea Nurseries

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

• Temporary loan given to Janatha Estate Development Board

Rs.24 Mn. Temporary loan was granted to JEDB for to meet their working Capital difficulties. Decision was made to recover this loan with the interest.

• 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.7, 697,168 paid for solar power Subsidy Scheme for 22 factories during the year 2021.

• Winding Up of State Institution Surplus Trust Fund

Although Sri Lanka Tea Board accounted the State Institution Surplus Trust Fund as a receivable from the Ministry of Finance in the year 2020, Department of Public Enterprises has informed that they were transferred same to the consolidated fund as per the directions given by the cabinet of ministers.

Accordingly necessary adjustment were made in 2021 financial statements.

NOTES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

		2021 (Rs)	2020 (Rs)
A. INCOME			
Grant from Treasury - Recurrent		180,000,000.00	160,000,000.00
Capital & Development		100,000,000.00	55,000,000.00
Grants from Ministry of Plantation -ISSS		38,000,000.00	-
Income from laboratory	Note 1	4,993,850.94	2,461,600.00
Interest transferred from P & M Levy		119,000,000.00	70,000,000.00
Registration and Renewal Income	Note 2	163,952,167.31	153,106,639.00
Net Profit from Commercial Activities	Note 3	5,015,129.65	6,499,934.51
Nuwaraeliya Sales Counter & Circuit Bungalow	Note 4	534,692.00	1,342,302.00
Other Income	Note 5	4,951,504.60	6,602,701.04
		616,447,344.50	455,013,176.55
B. TEA SECTOR-DEVELOPMENT EXPENSES			
Tea Factory Modernization Subsidy Scheme		20,187,581.61	28,611,865.18
Tea Replanting Subsidy Scheme		79,812,418.40	31,008,775.00
Subsidy Scheme For High Shades Tree		133,500.00	151,632.00
GMP Improvement		259,726.50	3,081,740.50
Survey of Tea Land		170,953.60	1,089,874.44
Model Tea Land Expenses		37,682,905.00	35,815.00
GMP-Moisture Meter Subsidy Scheme		500,000.00	-
B-Leaf 60 Programme		20,940.00	-
Sprinkler System For Large & Medium Scale Growers -ISSS		38,253,088.55	-
		177,021,113.66	63,979,702.12
C. ADMINISTRATION EXPENSES			
Personnel Emoluments	Note 6.1	199,957,957.85	224,058,642.38
Other Administrative Expenses	Note 6.2	56,213,862.07	44,562,832.55
Travelling Expenses	Note 7	17,400,922.58	16,931,533.04
Supplies and Requisites	Note 8	16,568,467.27	14,537,191.70
Repairs and Maintenance	Note 9	22,542,444.01	18,677,271.25
Depreciation of PPE	Note F	36,487,463.01	41,347,318.34
Amortization of Intangible Assets	Note H	3,909,036.92	3,953,111.71
Amortization of Leasehold Properties	Note G	76,385.60	76,385.60
Utilities and Other Expenses	Note 10	95,861,619.31	78,772,643.92
		449,018,158.62	442,916,930.49
D. FINANCE INCOME			
Interest on Investments		22,808,316.63	38,318,830.39
Interest on RPC wages Loan		108,587.39	9,168,778.08
		22,916,904.02	47,487,608.47

NOTES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
E. FINANCE EXPENSES		
Interest Expenses		
- Peoples Bank PLC	-	6,177,048.53
Bank charges	169,885.00	158,434.77
	169,885.00	6,335,483.30

F. PROPERTY, PLANT AND EQUIPMENT**F.1 Head Office & Regional Offices**

	COST OR VALUATION AS AT 01-01-2021	ADDITIONS	DISPOSALS/ TRANSFERS	COST OR VALUATION AS AT 31.12.2021
Free Hold Land	376,300,000.00	-	-	376,300,000.00
Buildings	437,578,663.84	-	-	437,578,663.84
Motor & Other Vehicles	30,066,758.00	-	5,775.00	30,060,983.00
Plant & Machinery	37,529,149.97	2,617,160.00	-	40,146,309.97
Water Electricity & Telephone	1,665,887.68	-	-	1,665,887.68
Decoration and display items	2,098,706.96	-	-	2,098,706.96
Office Equipment	24,365,669.47	2,905,950.64	38,820.00	27,232,800.11
Furniture & Fittings	40,734,026.96	416,839.50	18,085.75	41,132,780.71
Library Books	442,468.76	10,420.00	-	452,888.76
Computer - Hardware	41,979,091.22	7,788,627.80	62,042.30	49,705,676.72
Laboratory Equipments	104,267,600.31	67,772,056.00	-	172,039,656.31
	1,097,028,023.17	81,511,053.94	124,723.05	1,178,414,354.06
WORK IN PROGRESS				
Building & Other	4,075,584.34	30,661,231.46	-	34,736,815.80
	4,075,584.34	30,661,231.46	-	34,736,815.80
	1,101,103,607.51	112,172,285.40	124,723.05	1,213,151,169.86

	ACCUMULATED DEPRECIATION AS AT 01.01.2021	CHARGE FOR THE YEAR	DISPOSALS	ACCUMULATED DEPRECIATION AS AT 31.12.2021
Buildings	71,814,624.78	9,124,556.41	-	80,939,181.19
Motor & Other Vehicles	18,021,967.33	6,297,333.33	5,775.00	24,313,525.66
Plant & Machinery	27,689,132.00	3,032,170.51	-	30,721,302.51
Water Electricity & Telephone	1,656,336.91	9,550.77	-	1,665,887.68
Decoration and display items	1,078,415.89	75,849.84	-	1,154,265.73
Office Equipment	15,825,087.65	3,471,860.35	38,820.00	19,258,128.00
Furniture & Fittings	19,975,345.25	4,097,980.03	16,406.23	24,056,919.05
Library Books	438,074.09	4,900.67	-	442,974.76
Computer - Hardware	23,092,425.17	6,326,125.16	54,890.73	29,363,659.60
Laboratory Equipments	97,946,188.47	4,047,135.94	-	101,993,324.41
	277,537,597.53	36,487,463.01	115,891.96	313,909,168.60
Head office net book value	823,566,009.67			899,242,001.26

NOTES TO THE FINANCIAL STATEMENTSYear ended 31st December 2021**F.2 Overseas offices**

	COST OR VALUATION AS AT 01.01.2021	ADDITIONS	DISPOSALS/ TRANSFERS	COST OR VALUATION AS AT 31.12.2021
Motor & Other Vehicles	14,242,317.65	-	-	14,242,317.65
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
	17,275,650.98	-	-	17,275,650.98

PROVISION FOR DEPRECIATION	ACCUMULATED DEPRECIATION AS AT 01.01.2021	CHARGE FOR THE YEAR	DISPOSALS	ACCUMULATED DEPRECIATION AS AT 31.12.2021
Motor & Other Vehicles	4,563,288.12	1,424,231.77	-	5,987,519.89
Office Equipment	1,619,530.37	132,534.77	-	1,752,065.14
Furniture & Fittings	549,899.63	42,987.99	-	592,887.62
Computer - Hardware	106,544.75	67,291.43	-	173,836.18
	6,839,262.86	1,667,045.96	-	8,506,308.82
Overseas Office Net Book Value	10,436,387.82			8,769,342.16
TOTAL NET BOOK VALUE	834,002,398.10			908,011,343.42

G. LEASE HOLD PROPERTY

	COST OR VALUATION AS AT 01.01.2021	ADDITIONS	WRITE OFF	COST OR VALUATION AS AT 31/12/2021
Lease Hold Property - HO	3,819,280.00	-	-	3,819,280.00
	3,819,280.00	-	-	3,819,280.00
PROVISION FOR AMORTISATION	ACCUMULATED AMORTISATION AS AT 01.01.2021	AMORTISATION FOR THE YEAR	WRITE OFF	ACCUMULATED AMORTISATION AS AT 31/12/2020
Lease Hold Property - HO	1,239,172.19	76,385.60	-	1,315,557.79
	1,239,172.19	76,385.60	-	1,315,557.79
NET BOOK VALUE	2,580,107.81			2,503,722.21

H. INTANGIBLE ASSETS

	COST OR VALUATION AS AT 01.01.2021	ADDITIONS	DISPOSALS/ TRANSFERS	COST OR VALUATION AS AT 31.12.2021
Computer Software - HO	26,309,158.11	598,320.00	-	26,907,478.11
Computer Software Work In Progress	5,453,750.00	8,980,656.51	-	14,434,406.51
	31,762,908.11	9,578,976.51	-	41,341,884.62
PROVISION FOR DEPRECIATION	ACCUMULATED DEPRECIATION AS AT 01.01.2021	CHARGE FOR THE YEAR	DISPOSALS	ACCUMULATED DEPRECIATION AS AT 31.12.2021
Computer Software - HO	13,079,500.79	3,909,036.92	-	16,988,537.71
NET BOOK VALUE	18,683,407.32			24,353,346.91

NOTES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

		2021 (Rs)	2020 (Rs)
I. INVENTORIES			
Laboratory Consumables	Note 11.1	10,947,475.47	7,268,252.51
Promotion Materials & Others	Note 11.2	8,741,122.49	14,654,811.87
Tea & Other Stocks	Note 11.3	10,491,154.43	8,924,207.97
Others	Note 11.4	2,434,872.33	5,128,250.37
		32,614,624.72	35,975,522.72
J. TRADE AND OTHER RECEIVABLES			
Receivables	Note 12	46,042,643.14	44,361,391.72
Embassy Account	Note 12.1	1,380,329.49	1,436,546.20
Tea Promotion unit-Current Accounts	Note 12.2	14,633,373.47	1,849,224.91
Staff Receivables & Other Advances	Note 13	71,572,676.33	39,331,338.29
		133,629,022.43	86,978,501.12
K. DEPOSITS & PREPAYMENTS			
Deposits & Prepayments	Note 14	30,610,919.26	45,623,918.19
		30,610,919.26	45,623,918.19
L. OTHER FINANCIAL ASSETS			
Investments	Note 15	8,752,587,567.50	7,621,289,731.25
		8,752,587,567.50	7,621,289,731.25
M. LOAN RECEIVABLE			
General Treasury(MPI)		1,000,000,000.00	1,000,000,000.00
Loans To Treasury (STF)		-	509,624,312.50
Loan to Central Bank		200,000,000.00	500,000,000.00
Distress loan to RPC	Note 18	21,449,814.90	52,930,825.51
Wage Increment Loan for RPC	Note 18	-	39,440,142.64
RPC Festival Loan	Note 18	23,203,692.22	108,375,305.60
		1,244,653,507.12	2,210,370,586.25
N. CASH IN HAND AND AT BANK			
Cash in hand and at Bank	Note 16	174,934,864.88	151,302,423.72

NOTES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
O. PROMOTION & MARKETING LEVY		
Amount Collected From Exporters	1,028,676,021.39	458,967,308.79
Interest On Investment	449,093,945.60	575,047,566.85
Interest On RPC Distress Loan	5,836.86	6,746,676.06
Sale Of Cricket T-Shirts	301,976.90	-
Tea Book Sale	1,400.00	1,800.00
	1,478,079,180.75	1,040,763,351.70
Complimentary Tea Services & Tea Sampling Gift	5,729,547.86	886,247.05
Social Media	32,476,278.54	9,589.93
Local Promotion Campaign	1,458,562.40	10,214,008.36
Production Cost Of Communication Material (ATL/BTL)	338,280.84	43,915,150.84
Participation At International Trade Fairs & Exhibitions	40,495,448.02	30,090,453.62
Overseas Travelling Trade Fair	1,030,151.21	919,510.57
Events	1,715,676.28	2,084,173.34
Intellectual Property Matters	13,101,581.37	8,517,504.51
Maintenance Of Overseas Offices	41,422,136.41	45,735,946.18
Generic Promotion	5,376,978.54	1,579,314.20
CSR Project For Plantation Worker Community	1,240,000.00	-
Subsidization Of Listing Fees & Brand Marketing	-	168,008,328.84
Market Research & Other Marketing Support Services	1,718,877.76	3,980,513.67
Bank Charges	100.00	7,827.75
Grants To Tea Museum	3,000,000.00	2,125,000.00
Below The Line Advertising Outdoor	-	1,739,907.79
Consultant & Project Coordinators Marketing Cell	-	4,347,205.00
Difference In Exchange	1,590,924.82	1,892,912.48
Promotional Entertainment (Foreign Delegations/Events)	525,825.00	124,085.50
Complementary Teas To Mission Overseas	2,338,249.33	848,756.55
Through The Line Advertising	13,539,077.89	184,807,947.37
Brand Promotion	-	42,644,858.87
Country Promotion Campaign	1,062,490.40	1,295,240.00
Contingencies	-	85,005.79
Visits of Foreign Delegations	269,027.00	223,156.50
Programme With Embassies	906,505.39	828,872.81
Subsidy For Nursery Development	212,590,709.50	120,185,549.00
Subsidy Scheme For New Planting With Mechanization	46,470,000.00	-
Subsidy Scheme For Installation Of Solar Power System	8,940,310.00	-
Subsidy Scheme For Exporters Machinery Component	1,747,899.98	-
Subsidy Scheme For Bio Fertilizer Project	67,488,321.25	-
Total Expenditure	506,572,959.79	677,097,066.52
Tax Paid On Interest Income	(108,460,124.03)	(144,758,895.05)
Interest Transferred To Head Office	(119,000,000.00)	(70,000,000.00)
	744,046,096.93	148,907,390.13

NOTES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021****O. PROMOTION & MARKETING LEVY contd....**

A sum of 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 permitting the exportation of such tea, by the director general of Sri Lanka Tea Board (SLTB). All sum collected in terms of the provisions of regulation, shall be credited to a designated account as it is determined by the SLTB and form part of the capital fund of the Board.

On the coming into the operation of these regulations, (Gazette No. 167714 of 27th Oct: 2010) the money lying to the credit of the SLTB in the designated account shall be used exclusively by the Board for the purpose of engaging in activities related to tea promotion and marketing strategy, within and outside Sri Lanka.

	2021 (Rs)	2020 (Rs)
P. EMPLOYEE BENEFIT OBLIGATIONS		
Gratuity Opening Balance	70,461,681.09	67,074,289.96
Measurement adjustment for the year	957,005.52	18,461,431.13
Benefit paid	(13,074,642.96)	(15,074,040.00)
	58,344,043.65	70,461,681.09

Q. INCOME TAX PAYABLE

	SLTB Rs.	P&M levy Rs.	Total Rs.
Balance as at 01-01-2021	-	34,614,463.63	34,614,463.63
Provision for the Year	4,961,057.56	108,460,124.03	113,421,181.59
LESS: Tax Payments	(4,961,057.56)	(120,115,027.38)	(125,076,084.94)
Balance as at 31-12-2021	-	22,959,560.28	22,959,560.28

		2021 (Rs)	2020 (Rs)
R. TRADE AND OTHER PAYABLES			
Trade Payables	Note 17.1	19,573,999.34	35,608,834.63
Other Payables	Note 17.2	306,342,795.40	290,774,606.90
Receipt in Advance	Note 17.3	117,154,623.13	57,142,852.34
Accrued Expenses	Note 17.4	56,780,608.16	278,764,424.54
Other Provisions	Note 17.5	209,610,448.76	16,027,360.93
		709,462,474.79	678,318,079.34

S. BANK BALANCES - BOC

Collection A/C Matara	-	38,999.80
Collection A/C -Rathnapura	-	69,878.97
Collection A/C -N'Eliya	-	481,916.50
Collection A/C -Gampola	-	233,049.08
Collection A/C -Galle	30,312.54	-
Collection A/C -Bandarawela	107,403.86	-
Collection A/C -N'Eliya	622,233.90	-
	759,950.30	823,844.35

- Capital & Reserves**

There is no change in the Authorized Capital during the year ended 31 December 2021

- Contributed Capital**

Contributed Capital is made up by government grants amounting to Rs. 672,012,201.85 as at 31 December 2021

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
01. LABORATORY INCOME		
ISO 3720 Standard Test	1,766,850.94	719,600.00
Chemical Analysis Test	2,000.00	-
Physical Examination Test	607,000.00	557,500.00
Microbiological Analysis Test	2,608,000.00	1,109,500.00
Other Tea Sample Test	-	5,000.00
Sugar Contamination Analysis Test	10,000.00	70,000.00
	4,993,850.94	2,461,600.00
02. REGISTRATION & REVENUE INCOME		
Dealers License Fees	10,197,900.00	9,621,265.00
Penalties	4,418,299.33	6,425,870.41
License Fees For Produce Brokers	1,745,600.00	1,750,000.00
Registration of Lion Logo	-	5,000.00
Refuse Tea Registration Fees	1,196,000.00	2,345,000.00
Registration of Tea Exporters	975,000.00	1,075,000.00
Registration of Tea Packers	980,000.00	845,000.00
Renewal Fee of Tea Exporters	40,090,000.00	40,511,730.00
Renewal Fee of Tea Packers	3,400,000.00	3,420,000.00
Private Sale Panel Valuation	5,997,260.00	4,883,500.00
Direct Sale Ratification Fees	601,560.00	649,000.00
Issue of Quality & Other Certificates	17,900.00	10,000.00
Issue of Permit For Importation of Tea	33,734,130.50	26,511,424.00
Sale of Import Application Forms	12,920.00	12,480.00
Factory Registration	1,000,000.00	1,000,000.00
Warehouse Registration	725,000.00	450,000.00
Renewal of Warehouse	2,440,000.00	2,475,000.00
Registration of Tea Manufactures	330,000.00	340,000.00
Permit For Refuse Tea Purchase	46,523,614.96	42,085,164.59
Registration of Tea Importers	475,000.00	435,000.00
Permit for Release of Bank Guarantee	453,000.00	362,500.00
Income From Tasting of Tea Samples	949,960.00	767,000.00
Reg. of Tea Pack / Other Origin Tea	375,000.00	356,000.00
Tea Factory Registration Renewal	4,300,800.00	4,290,000.00
Renewal of Tea Importers	110,465.00	145,000.00
Local Packer Registration	846,930.00	1,515,800.00
GMP Certification Fee	1,237,500.00	765,000.00
Tea Sample Testing Fees	818,327.52	54,905.00
	163,952,167.31	153,106,639.00

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
03. NET PROFIT FROM COMMERCIAL ACTIVITIES		
Tea Sales	6,809,891.30	8,530,125.62
Commission on Exporter Pack Sales	4,227,001.50	5,175,927.33
Monopol Rental	108,333.34	1,179,166.67
Sale of Cloth Bag	50,504.00	55,520.00
Difference In Exchange	1,190.15	11,996.70
Income on Sales In Foreign Currency	125.00	155.00
	11,197,045.29	14,952,891.32
Cost of Tea	(4,460,834.11)	(6,737,381.32)
Cost of Empty Cartons	(557,822.62)	(298,298.27)
Cost of Carrier Bags	(738,942.45)	(563,612.15)
Incentives To Staff	(185,324.85)	(628,060.09)
Commission on Credit Card	(238,991.61)	(225,604.98)
Net Profit From Commercial Activities	5,015,129.65	6,499,934.51
04. NUWARAELIYA SALES COUNTER & CIRCUIT BUNGLOW		
Sales Counter -Rent Income & Sale Commission	500,342.00	1,224,302.00
Circuit Bungalow	34,350.00	118,000.00
	534,692.00	1,342,302.00
05. OTHER INCOME		
Interest on Staff Loans	1,612,403.93	1,435,900.37
Sundry Income	2,391,408.67	4,098,502.93
Sale of Statistical Summary	87,350.00	94,247.08
Registration of Suppliers	266,000.00	291,300.00
News Letter	414,000.00	342,000.00
Sale of Posters, Directories & Others	7,342.00	223,260.00
Fixed Assets Disposal Profit	-	340.66
Examination Fee	173,000.00	117,150.00
	4,951,504.60	6,602,701.04
06. ADMINISTRATION EXPENSES		
6.1 Personnel Emoluments		
Salaries	130,404,590.17	134,269,976.10
Other Allowance (Interim / Other)	4,156,736.15	4,653,225.34
Overtime & Holiday Pay	8,526,645.68	9,380,206.01
Daily Paid Wages	3,953,875.00	3,065,365.00
COL Allowance	24,361,165.48	25,193,892.45
After Office Expenses - Exports	48,825.00	297,518.21
EPF Contributions	22,960,283.45	23,948,061.84
ETF Contributions	4,588,831.40	4,788,966.30
Staff Gratuity	957,005.52	18,461,431.13
	199,957,957.85	224,058,642.38

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
6.2 Other administration expenses		
Membership Subscription (Professional)	67,000.00	16,000.00
Bonus To Staff	4,000,000.00	4,000,000.00
Medical Benefits/Personal Acci. Claims	31,947,682.53	22,731,833.07
Liquid Tea To Staff	1,718,701.48	1,765,281.70
Supply of Packed Tea To Staff	5,653,420.42	6,066,360.00
Staff Welfare	1,620,946.09	1,696,386.60
Death Donation	750,000.00	750,000.00
Sports / Recreation Facilities	-	250,000.00
Interest On Staff Property Loan	786,252.08	752,800.92
Staff Training / Seminars / Workshops	1,099,990.00	1,127,020.00
Fees To Board / Committee Members	2,000,500.00	1,135,920.00
Board Meeting Expenses	80,835.00	73,660.00
Analytical Laboratory - Consumables	4,494,139.57	2,271,923.26
Examination Fees	525,814.90	464,847.00
Dealer Deposit Refund	5,000.00	30,000.00
Consultancy Fees	1,395,300.00	1,417,975.00
Interview Panel Fees	68,280.00	12,825.00
	56,213,862.07	44,562,832.55
07. TRAVELING EXPENSES		
Traveling Expenses (Local)	17,400,922.58	16,931,533.04
	17,400,922.58	16,931,533.04
08. SUPPLIES & REQUISITES		
Print Stationery & Office Requisites	9,774,701.76	5,110,732.36
Fuel & Lubricants	4,197,405.76	4,071,517.44
Mechanical, Electrical & General Goods	217,401.00	262,287.50
Books, Periodicals & Newspapers	785,481.00	3,373,714.90
Uniform	1,593,477.75	1,718,939.50
	16,568,467.27	14,537,191.70
9. REPAIR. & MAINTENANCE OF CAPITAL ASSETS		
R/M of Vehicles	1,755,636.26	1,784,217.37
R/M of Plant & Machinery	371,434.06	1,949,136.07
R/M of Buildings	5,515,278.60	1,057,697.96
R/M of Office Equipment	7,368,265.60	6,828,726.96
R/M of Furniture & Fittings	363,647.00	33,348.00
Other Utility Services	65,359.00	60,366.00
Janitorial Service	6,700,060.96	6,240,473.50
Lab. Accreditation & Instruments Maintenance	402,762.53	723,305.39
	22,542,444.01	18,677,271.25

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
10. UTILITIES & OTHER EXPENSES		
Press Notice	5,909,995.54	1,349,338.50
Telephone, Fax & Internet	9,352,272.58	9,029,381.76
Postage	958,194.26	1,067,683.94
Electricity	8,665,618.10	10,926,319.58
Rates & Taxes	1,476,416.09	1,688,463.07
Rent	10,141,494.83	8,208,570.00
Insurance - Buildings, Vehicles, Etc.	1,240,674.94	1,556,617.45
Security Services	11,826,486.13	9,730,584.10
Audit Fees	1,000,000.00	1,200,000.00
Legal Fees	360,957.48	572,155.00
Other Fees	655,843.20	770,307.07
Tea Sample Testing Fees	4,592,791.70	1,726,063.21
Water Supply & Heating	811,498.05	678,806.48
Tea Tasting Panel Fees	2,104,380.00	2,352,100.00
Sundry Expenses	550,096.95	426,187.13
Transport & Hire Charges	70,000.00	107,500.00
Lease Rental For Vehicles	19,928,976.34	19,259,556.21
Lease Rental For Land	620,400.00	1,513,500.00
Loss on Disposal	931.09	-
Contingencies Covid -19	15,564,842.03	6,575,470.42
Nuwara Eliya Expenses	29,750.00	34,040.00
	95,861,619.31	78,772,643.92

11. STOCKS**11.1 Laboratory**

Laboratory Consumables	10,947,475.47	7,268,252.51
	10,947,475.47	7,268,252.51

11.3 Tea & Other Stocks

Tea - Main Stores	3,239,035.88	4,088,745.93
Tea - Sales Counter	228,439.67	354,148.48
Staff Tea	601,140.00	805,185.00
Empty Cartons	6,314,182.98	3,553,486.71
Carrier Bags	74,955.90	89,241.85
Neck Ties	33,400.00	33,400.00
	10,491,154.43	8,924,207.97

11.4 Goods In Transit

	2,434,872.33	5,128,250.37
	32,614,624.72	35,975,522.72

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
12. RECEIVABLES		
Sundry Receivable	37,713,739.58	39,754,875.30
Debtors - Cricket T-shirt	679,123.30	679,123.30
Debtors Control	4,200,041.15	937,733.65
Income Receivable	2,615,678.90	1,227,497.16
Packed Tea Sales	638,596.81	448,176.28
Shortages	195,463.40	1,313,986.03
	46,042,643.14	44,361,391.72

12.1 Embassy Account		
China	84,764.07	84,764.07
UK	-	368,447.03
Japan	472,024.13	19,089.91
France	389,602.00	513,985.35
Poland	405,644.57	422,294.06
Australia	28,294.72	27,965.78
	1,380,329.49	1,436,546.20

12.2 Tea Promotion unit-Current Accounts		
UAE	9,623,368.84	790,450.15
Moscow	3,971,946.09	706,093.59
China	1,038,058.54	352,681.17
	14,633,373.47	1,849,224.91

13. LOANS & ADVANCES		
Consolidated Loans - TCD	5,784,906.06	6,847,852.57
Consolidated Loans - HO	31,310,802.54	31,486,862.54
Advance - Festival	446,900.00	649,400.00
Staff Tea Recoveries	148,650.00	202,625.00
Staff Debtors	18,337.37	10,000.00
Advance -Tea Small Holdings Development Authority	33,470,665.50	23,138.85
Loans And Advances Moscow	392,414.86	11,459.33
Other Advances-Regional office	-	100,000.00
	71,572,676.33	39,331,338.29

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
14. DEPOSITS & PRE - PAYMENTS		
Deposits	6,182,536.19	5,204,386.19
Stamp Deposit	160,000.00	160,000.00
Parcel Postage Deposit	44,940.00	44,940.00
Deposits & Prepayment - UAE	249,130.00	1,025,373.59
Deposits & Pre-payment - Moscow	66,510.40	277,824.75
Deposits & Prepayment - China	691,801.35	652,781.00
Pre - Payments	10,161,540.70	5,858,440.98
Mobilization Advance	13,054,460.62	32,400,171.68
	30,610,919.26	45,623,918.19

15. INVESTMENTS		
Fixed Deposit - SLTB	406,500,000.00	454,409,000.00
Fixed Interest Receivable - SLTB	7,691,643.84	8,658,603.97
Fixed Deposit - P & M Levy	8,138,139,497.72	6,956,839,407.93
Fixed Deposit Interest Receivable - P & M Levy	197,367,713.88	198,683,436.01
Housing Loan Deposits - SMIB	2,888,712.06	2,699,283.34
	8,752,587,567.50	7,621,289,731.25

16. CASH & CASH EQUIVALENTS		
16.1 Cash		
Petty Cash Imprest - Stamp	10,000.00	10,000.00
Petty Cash Imprest - Admin	25,000.00	-
Collection On Sales In Hand	609,980.12	564,111.29
	644,980.12	574,111.29

16.2 Bank Balances		
BOC-Kollupitiya 2nd	62,237,032.00	17,443,958.19
BOC-Corporate (HO)	385,191.77	7,360,716.77
BOC-Bambalapitiya	639,779.28	53,890,207.06
BOC-Corporate (TCD)	6,360,655.60	14,771,515.46
BOC-Independence Square	1,037,195.00	719,225.00
BOC-Tea Subsidy	93,105,339.13	37,899,557.29
Peoples Bank	14,250.00	11,927,139.89
	163,779,442.78	144,012,319.66

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
16.3 BOC Regional Office Current Accounts		
Galle	524,200.93	668,134.62
Matara	371,819.01	416,354.34
Rathnapura	1,330,978.61	702,144.92
Mathugama	492,173.06	352,980.50
Bandarawela	198,679.40	425,693.30
Gampola	45,621.29	390,947.15
Nuwaraeliya	228,516.51	161,477.50
	3,191,988.81	3,117,732.33
16.4 BOC Regional Office Collection Accounts		
Galle	-	401,251.74
Gampola	3,293,895.50	-
Mathugama	2,529,397.80	2,817,634.50
Bandarawela	-	379,374.20
Rathnapura	21,254.03	-
Matara	16,941.00	-
	5,861,488.33	3,598,260.44
16.5 Regional Office Current Acc		
Galle	93,380.94	-
Gampola	112,150.51	-
Nuwaraeliya	108,820.42	-
Bandarawela	1,142,612.97	-
	1,456,964.84	-
	174,934,864.88	151,302,423.72
17.CREDITORS & PROVISIONS		
17.1 Trade Payables		
Payables	16,713,008.33	9,207,524.78
Creditors Control	1,375,920.00	447,839.75
Credit Tea Order	24,641.88	24,641.88
Creditors & Provisions - UAE	-	76,316.82
Creditors & Provisions - China	39,530.70	44,710.80
Creditors - Tea Land Registration	-	84,455.00
Creditors & Provisions - Moscow	508,668.90	3,057.37
Subsidy Green Leaf Payable	912,229.53	912,229.53
	19,573,999.34	10,800,775.93

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
17.2 Other Payables		
General Deposits	220,410,000.00	220,515,162.50
Refundable Tender Deposit	-	9,000.00
Retention Monies Deposits	36,609,794.51	22,687,433.42
SLTB Official Packer	3,321,120.82	14,505,079.99
Staff Creditors	4,092,126.89	4,697,094.30
Arrears - Green Leaf Deposit	8,935,369.62	10,597,266.91
EPF - Payable	-	3,217,320.96
Cusdec Deposit	161,400.00	161,400.00
Retention Incentive - Sales Counter	18,532.46	41,930.42
Model Tea Garden Subsidy Scheme	30,876,856.50	12,079,356.50
VAT Payable	1,917,594.60	2,263,561.90
	306,342,795.40	290,774,606.90
17.3 Receipt in Advance		
Receipts In Advance	-	200,142.00
Nuwara Eliya-Sales Center	1,620,000.00	1,620,000.00
Trade Fair	18,600,000.00	2,350,000.00
License Fee	7,697,000.00	8,167,900.00
Refused Tea	915,000.00	510,000.00
Renewal of Warehouse	1,990,000.00	1,920,000.00
License Fee For Produce Brokers	1,750,000.00	1,750,000.00
Registration of Tea Factory	-	1,210,000.00
Registration of Tea Packer	150,000.00	50,000.00
Renewal of Tea Exporter	36,250,000.00	34,480,000.00
Renewal of Tea Packer	2,560,000.00	2,460,000.00
Registration of Tea Warehouse	75,000.00	75,000.00
Registration of Exporters	150,000.00	50,000.00
Registration of Local Packer	70,000.00	-
Renewal of Tea Importer	440,000.00	415,000.00
Medical Deposit SLTB Staff	711,200.00	366,834.00
Receipts In Adv. (Tea Factory Reg. Renewal)	1,375,000.00	-
Receipts In Adv. (Registration Of Tea Importers)	10,000.00	-
Receipts In Adv. (Local Packer Renewal)	211,900.00	-
Receipts In Adv. (Promotional & Marketing Levy)	40,553,780.13	24,808,058.70
Monopol Rental	-	108,333.34
Sales Counter-Rent Deposit	1,680,000.00	1,235,000.00
Deposit - BMF	345,743.00	174,643.00
	117,154,623.13	81,950,911.04

DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**Year Ended 31st December 2021**

	2021 (Rs)	2020 (Rs)
17.4 Accrued Expenses		
Accrued Expenses	12,266,405.60	11,639,019.48
Accrued Expenses - P & M Levy	44,514,202.56	267,125,405.06
	56,780,608.16	278,764,424.54
17.5 Accrued Exp		
Travelling	4,284,096.98	5,588,982.27
Audit Fees	1,894,000.00	2,400,000.00
Printing Stationery & Office Requisition	139,332.00	138,056.71
Fuel & Lubricants	307,910.00	403,074.00
Periodicals & Newspapers	21,590.00	13,010.00
Maintenance Expenditures	114,164.00	513,810.13
Postal & Communication	607,514.49	999,488.94
Electricity & Water	755,492.06	1,602,642.79
Rent & Local Taxes	55,000.00	107,500.00
Janitorial Services	745,152.02	590,664.62
Security Services	1,055,978.50	449,172.00
Legal & Other Fees	-	54,150.00
Medical Benefits	3,707,879.96	1,648,868.00
Covid 19 Expenses	2,005,233.52	1,464,024.00
Overtime & Daily Paid Wages	1,099,563.25	53,917.47
Sprinkler System For Large & Medium Scale Growers	20,310,800.00	-
Subsidy Scheme For Bio Fertilizer Project	58,700,000.00	-
Subsidy Scheme For Installation Of Solar Power System	2,777,142.00	-
Subsidy Scheme For New Planting With Mechanization	38,085,000.00	-
GMP -Moisture Meter Subsidy Scheme	500,000.00	-
Subsidy For Tea Nursery Development Expenses	67,775,000.00	-
Fertilizer T200 Program	2,921,700.00	-
Subsidy Scheme For Exporters Machinery Component	1,747,899.98	-
	209,610,448.76	16,027,360.93
18.RPC LOAN BALANCES		
	Festival Loan	Distress Loan
Kotagala Plan. PLC	5,657,492.22	-
Agarapatana Plan. LTD	8,785,800.00	21,449,814.90
Elkaduwa Plan. PLC	8,760,400.00	-
	23,203,692.22	21,449,814.90

THE AUDITOR GENERAL'S REPORT - 2021

(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 2021.

1. Financial Statements

1.1. Qualified Opinion

The statement of financial position of the Sri Lanka Tea Board as at 31st December 2021 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 31st December 2021 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 31st December 2021 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 cars, laboratory equipment, office equipment, machines and devices, water and electric equipment, intangible assets and decoration equipment, computer equipment, wooden furniture, fittings and library books valid at Rs.150,717,224 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 equipment had not been re-estimated and accounted in accordance with the paragraph no. 51 of the Sri Lanka Accounting Standard 16.

(b) The actions had not been taken to revalue the land of the head office stated at a value of Rs. 350,000,000 in the Financial Statements and the land wherein Gampola Regional Office has been situated which is stated at a value of Rs. 26,300,000 in the Financial Statements had not been revaluated and taken to the Financial Statements respectively even after 31st December 2008 and 25th July 2016 in accordance with the paragraph no. 34 of the Sri Lanka Accounting Standard 16.

(c) Though the Projected Unit Credit (PUC) method was used in respect of accounting the responsibility of pension benefit as per the Sri Lanka Accounting Standard No. 19, the cost of Rs. 9,459, 950 for employee gratuity that should be identified as per the present service cost and the interest cost at the end of the financial year based on the recommendations of the actuarial assessment done in the year 2019 and the actual profit of Rs.8,502, 945 on pension benefit was observed not to have been identified timely in the other detailed income statement. Also, the adequate investments to settle these liabilities had not been made.

(d) Although the taxes of the year under review should be adjusted to the previous profit in accordance with the Sri Lanka Accounting Standard No.07 in preparing the cash flow statement, the adjustment to the profit had been done by the Board after adjusting the taxes.

(e) Although there was evidence on having a tax exception for incomes such as business income and charging other fees, it was observed in the audit that the Board had not taken actions to pay income taxes for other incomes except the investment incomes. Further, even if expense of taxes for investment incomes of the Sri Lanka Tea Board for the year under review was Rs.5, 344,262, only Rs.4, 961,057 had been identified in the financial statement as the tax expense related to the Sri Lanka Tea Board. Accordingly, tax expense and payable expense had been adjusted with a shortage of Rs. 383,205.

(f) The income source could not be identified in respect of the amounts of Rs.6, 391, 886 and Rs.7,307,960 directly deposited by the customers in Kollupitiya Second Branch of Bank of Ceylon, and Bambalapitiya Branch of Bank of Ceylon respectively as at the last date of the year under review. Accordingly, the income of the year under review had been given in the financial statements with a shortage of Rs.13,699, 846.

Although an amount of Rs. 392,673 was indicated as the bank errors in the year 2020 according to the bank reconciliation statements in Kollupitiya Second Branch of Bank of Ceylon as at 31st December 2021, the said error had not been corrected even as at the date of audit; 30th April 2022.

(g) Although the sum of Rs.6, 951,410; the initial advance amount of the contract of installing the central Air Condition System in Colombo Head Office as at 31st December of the year under review, had been deducted, the advance account of starting the works had not been settled accordingly.

(h) There was an unidentified balance valid at Rs.4,200,041 in the debtor control account as at 31st December 2021 and the debtor balance and the income had been indicated with an excess in the said amount in the financial statement as no action had been taken to settle that amount.

(i) The sum of Rs.1,869,582 from Rs.2,434,872 which was the road stock balance that should be received by the Board at the end the year under review was observed to be existing from more than 12 months, and the stock of Rs.429,229 was observed to have been the chemical items ordered for the use of laboratories.

(j) 23 cases filed by third parties against the Board with reference to the issues regarding the closures of tea factories, cancellation of registrations, contract activities and other services as well as the cases filed by the Board were being heard during the year under review, and a compensation amount of Rs.485,232 had been decided to be paid by the Board to a contractor as per a verdict of an arbitration declared on 27th July 2021. No provisions had been made on this matter in the financial statements.

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 of the Sri Lanka Tea Board 2021

Other details mean the details that have been included in the annual report 2021 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 that there are quantitative false statements when I read the annual report 2021 of the Sri Lanka Tea Board, such details should be communicated to the relevant parties for corrections. If there are errors not rectified yet, such details will be included in the report to be tabled in the Parliament in due course as per the Article 154 (6) of the Constitution.

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 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 uncertainties 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 have been included in the financial statements except the observation stated in the paragraph 1.2(a) of this report in line with the requirement of the Section 6(1) (d) (iv) of the National Audit Act No.19 of 2018.

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 Governance Board of the 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		Observation
(a)	Sections 13 and 14 of Sri Lanka Tea Board Act No.14 of 1975	Although the taxation of Cess should be credited to a fund of the Sri Lanka Tea Board as per the provisions of the Act, that had been directly credited to the General Treasury.
(b)	Financial Regulation of Democratic Socialist Republic of Sri Lanka F.R 751 (2) (e)	Although the registers and account books on receiving, issuing and settlings should be properly maintained by the store keeper who is assigned with the tasks of receiving, keeping and issuing goods, a new store book had been started from 09 th April 2021 stating the physical stock balance available as at the said date. Accordingly, any transaction related to the previous months of the year under review had not been included therein.
(c)	Section 11 of the Finance Act No.38 of 1971	Although a sum of Rs.8,544,639,497 had been invested in the fixed and short term deposits by the Board as at 31 st December 2021, the concurrence of the relevant Minister and the Minister of Finance had not been obtained for the said matter.

2.2.3. As per the requirement stipulated in the section 12 (g) of the National Audit Act No.19 of 2018, proceedings have been done incompatibly to the powers, duties and functions of the Board.

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 except the observations mentioned below.

(a) The contract of assigning the operation activities of the Tea Shop of Nuwara Eliya Regional Office of the Sri Lanka Tea Board had been given to a private party at a lease amount of Rs.8,162,296 for a period of 06 months without testing the ability of making payments. Consequently, the lease amounts of Rs. 2,298,572 to be paid by Nuwara Eliya Tea Shop to the Board for the period from 2009 to 31st December 2021 had not been able to be levied.

(b) Although a charge sheet has been issued against the Assistant Director; who was then attached to the Laboratory, regarding the irregularities happened in purchasing the Liquid Chromatography Mass Spectrometer at a cost of Rs.32,132,088 in the year 2009 which had not been used as it was not in line with the expected specifications, the actions had not been taken to complete the formal inquiry and to recover the loss experienced by the Sri Lanka Tea Board from the responsible parties.

(c) The contract to purchase a new Liquid Chromatography Tandem Mass Spectrometer (LCMS/MS) at a cost of Rs.69,373,510 to check Methyl Chloro Phenoxyacetic Acid (MCPA) containing in Tea had been awarded on 23rd November 2020 to a private contractor in Dehiwala area. As per 4.3.2 of the contract agreement, the second 50% advance amount was to be paid on the recommendation of the Technical Evaluation Committee subsequent to checking tea samples commercially according to the ISO 17025 accepted standards once the Liquid Chromatography Tandem Mass Spectrometer was installed. However, issuance of test reports based on the commercial samples had not been done since 01st December 2021 and an amount of 50% from the bid value; that is a sum of Rs.34,917,055, had been paid on 21st August 2021 previously in contrast to the conditions of the agreement.

(d) Although the machine is with a higher capacity, it was informed to the audit that only 27 MCPA tests had been done using this machine as at 25th May 2022. Even if the utilization is less without fulfilling the requirements of conducting laboratory tests in the industry sufficiently with no delay, it was further observed that this machine has to be maintained under the air-conditioned environment at a higher expense.

2.3. Other Particulars

(a) As the actions had not been taken to duly settle money deposited in the Board by the Tea Factory Owners to pay the Green Tea Suppliers, the amount of unsettle deposits for a period of 1 year to 19 years; that is from the year 2000 to 2019 is 6,908,583. It is a 77% from the deposit amount of Rs.8,935,369. Accordingly, it was observed that no actions had been taken to settle these amounts after the examinations or to return money to the depositors if the beneficiaries are not found.

(b) Although the Janatha Estate Development Board and the Sri Lanka Tea Board had reached a decision in accordance with the orders of the Committee on Public Enterprises held on 19th June 2012 to acquire the ownership of Ceylon Tea Museum in Hanthana belonged to Janatha Estate Development Board in lieu of a sum of loan amount of Rs. 25,000,000 given by the Board on 19th September 2003, the said process had not been finalized even if a period of more than 9 years has passed to date. No agreement had been signed between two parties in respect of giving loans and acquiring the ownership of the Ceylon Tea Museum. Further, as per the Management Board Decision No.2020/492/65, a loan amount of Rs.10,000,000 had been given again by the Sri Lanka Tea Board to Janatha Estate Development Board on 27th February 2020 for paying wages of the estate workers of Janatha Estate Development Board, and only Rs.1,000,000 has been levied.

(c) At a period when there was no income gained by selling tickets of "Ceylon Tea Museum" situated in Hanthana of Kandy in the year under review, a sum of Rs.3,000,000 has been reimbursed and it was observed that it shows a 41% increase in comparison to the expense in the previous year. It was observed that its function and the contribution for promotion and publicity should be reviewed again.

(d) Although there is a Preferential Tariff Rate Quota for Tea under Indu-Sri Lanka Free Trade Agreement (ISFTA) and Pakistan- Sri Lanka Free Trade Agreement (PSFTA), a substantial utilization had not been able to be reported in the year 2021. The quotas have been allocated under Indu-Sri Lanka Free Trade Agreement and Pakistan- Sri Lanka Free Trade Agreement as 15kg million and 10kg million per year respectively. However, only 74,006kg and 34,710kg; that is 0.49% and 0.35%, had been utilized respectively.

(e) Although the World Prod Share for Sri Lankan Tea in the year 2011 is 18% according to the Supplementary to International Tea Committee News Bulletin as the total production and export of Sri Lankan Tea were not gradually increased, World Prod Share for Sri Lankan Tea had gone down up to 15% by the year under review.

(f) The actions had not been taken to legally transfer the ownership of 3 lands situated in Nuwara Eliya, Bandarawela and Rathnapura areas wherein the Board had constructed buildings at an expense of Rs. 211,115,401 by the end of the year 2019 as well as to account the said details accordingly.

(g) The approved cadre of the Board was 328 while its actual cadre was 262 as at 31st December 2021. Accordingly, there were 66 vacant positions including 03 position; Deputy Director (Marketing), Director (Promotions) and Director (Administration) which belonged to Top Management (From 02 years to 06 months) and no actions had been taken to fill those positions or to revise the approved cadre.

(h) According to the Action Plan of the Sri Lanka Tea Board for the year ended 31st December 2021 and its progress, the financial progress of three activities estimated at a value of Rs.525 million was between 09% and 37%, and the physical progress was observed to be at a very low level such as 0% - 22%. The physical progress of 14 programs such as the awareness program on right plucking of tea leave, tea leave plucking by using machines and installing solar energy panels in tea factories planned to be implemented in the year under review was observed to be less than 50% considering its targeted physical progress. Further, the physical progress related to 2 projects having an estimated value of Rs. 325 million had not been presented, and the details about financial progress of the activities with a value of Rs.210 million from the above estimation had not been presented to the audit.

Sgd.

W.P.C. Wickramarathna

Auditor General

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