Bhakanje Tea Estate Pvt. Ltd.

Production Record

of

2024 / 2081

5. November 2024

By Papa Kurt Lomborg

Himalayan Project Danmark

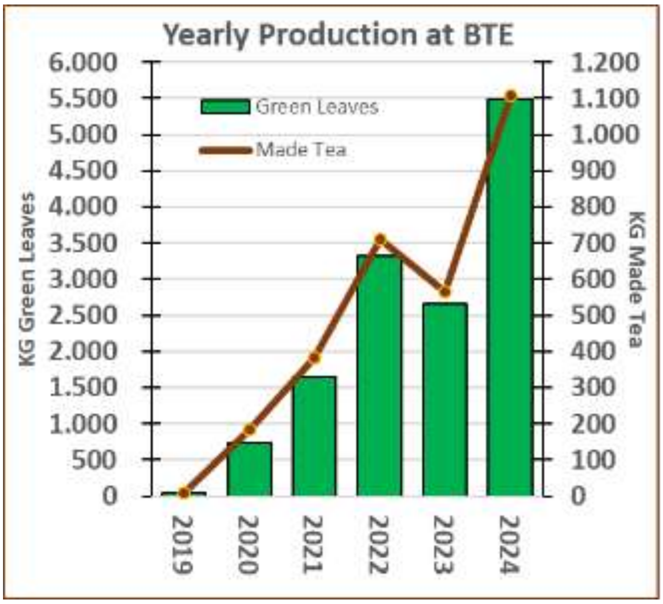
www.nepalhelp.net/the/

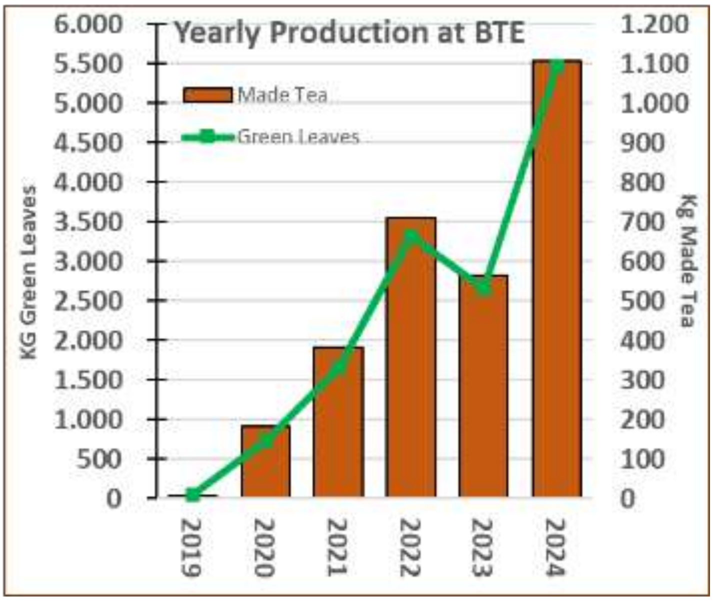
In 2024 the production of Orthodox Tea started on Chaitra 29. 2080 (11. April 2024) and last production was on Kartik 13. 2081 (29. October 2024).

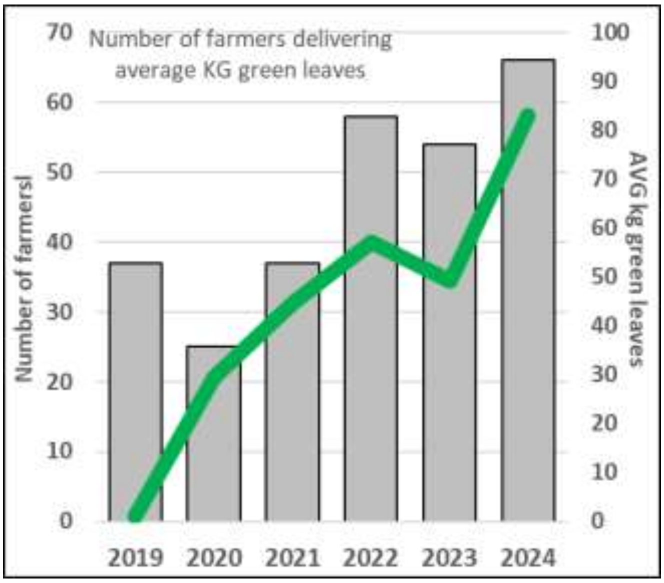
This period is covered by the Danish Fiscal year 1. January to 31. December 2024.

The Nepali Fiscal Year is dividing the period, first period starting Shrawan 1. 2080 (17. July 2023) to Ashadh 31. 2080 (16. July 2024), and second period starting Shrawan 1. 2081 (16. July 2024) to Ashadh 31. 2082 (15. July 2025).

In 2024 we defined Spring Flush to start at 11. April and ending at 30. May. Monsoon Flush starts at 2. June and ending at 29. August. Autumn Flush starts at 1. September and ending at 29. October.



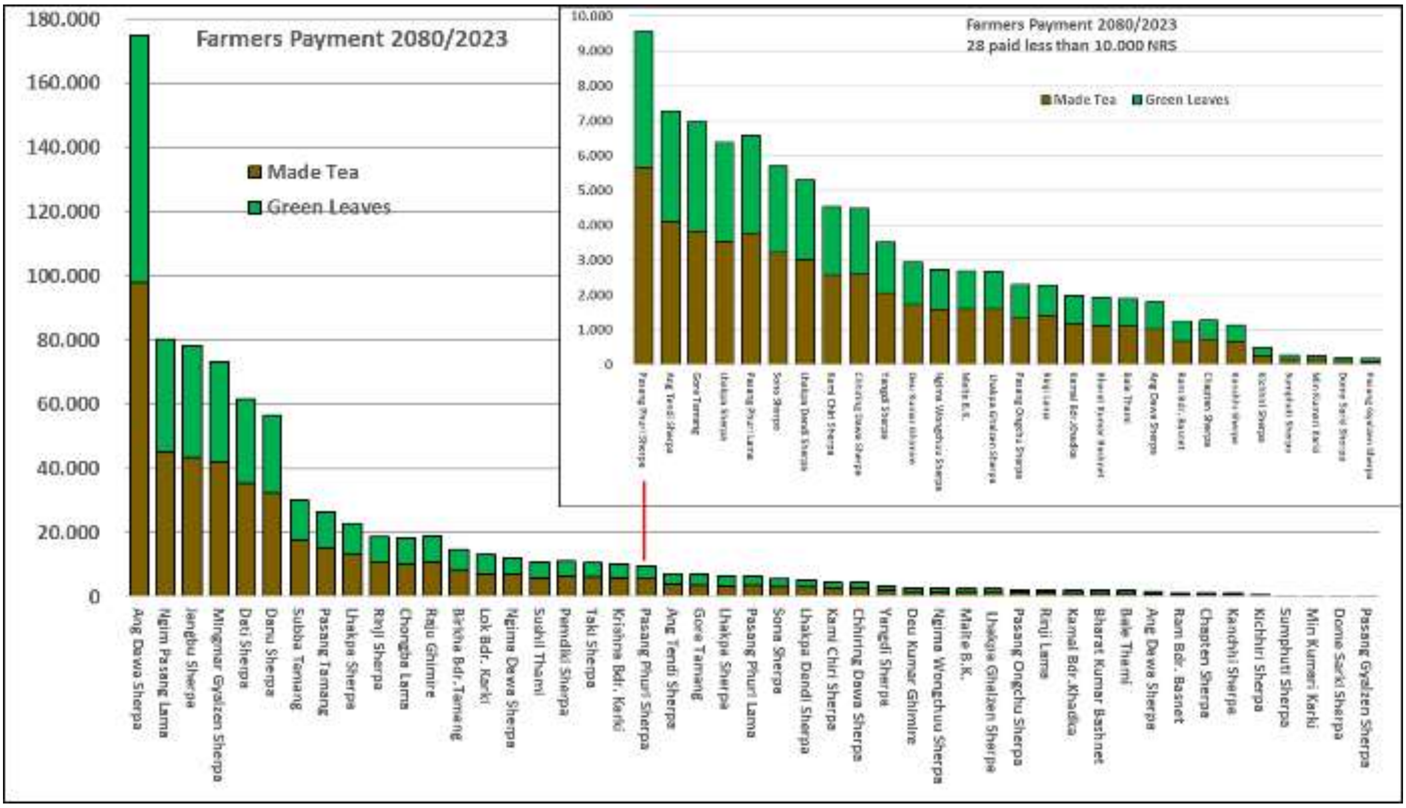




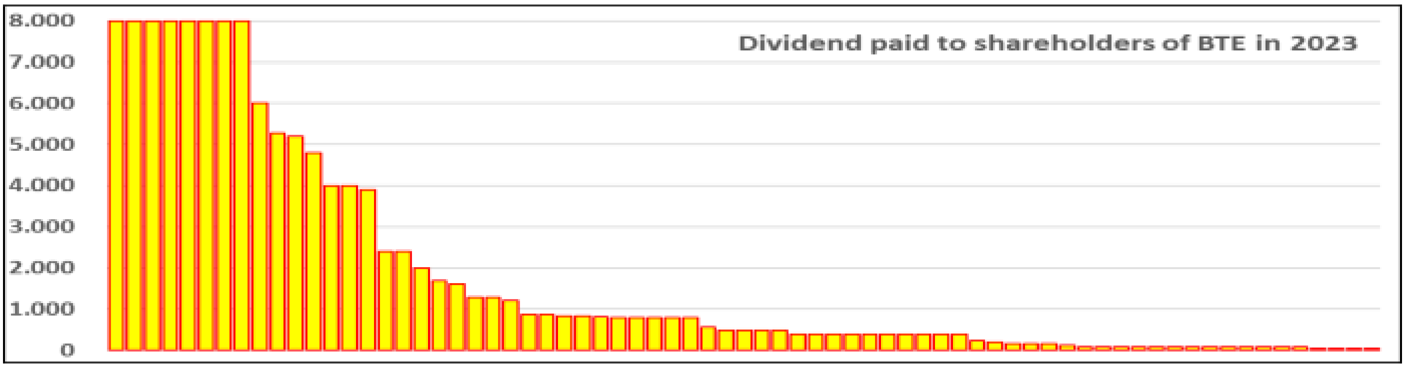
The increase in production in 2024 is following the tendency of increase in the period 2020 to 2022. In 2023 the production was 2/3 of expected which is due to two facts. First our employment of Agriculturist Indra Saru Magar for 10 days during winter 2023 to give instruction on pruning methods. Most farmers gave their bushes a rather hard pruning resulting in a low production in 2023, but much better shape of bushes in 2024. Some farmers even dropped the delivery during the year.

Secondly due to an unsuccessful marketing and high production cost in 2022, the surplus of BTE was to low to secure dividend for shareholders and backpayment on produced tea. Most farmers felt that they invested a lot of effort in their tea garden without being sufficiently benefitted. The situation was strongly improved during 2023, so all payments were satisfactory done in April 2024 giving new energy to farmers during the season 2024.

Farmers are paid only once every year, which is in April in the beginning of the new season. The payment of the Green Leaves delivered during the previous season is one of the basic

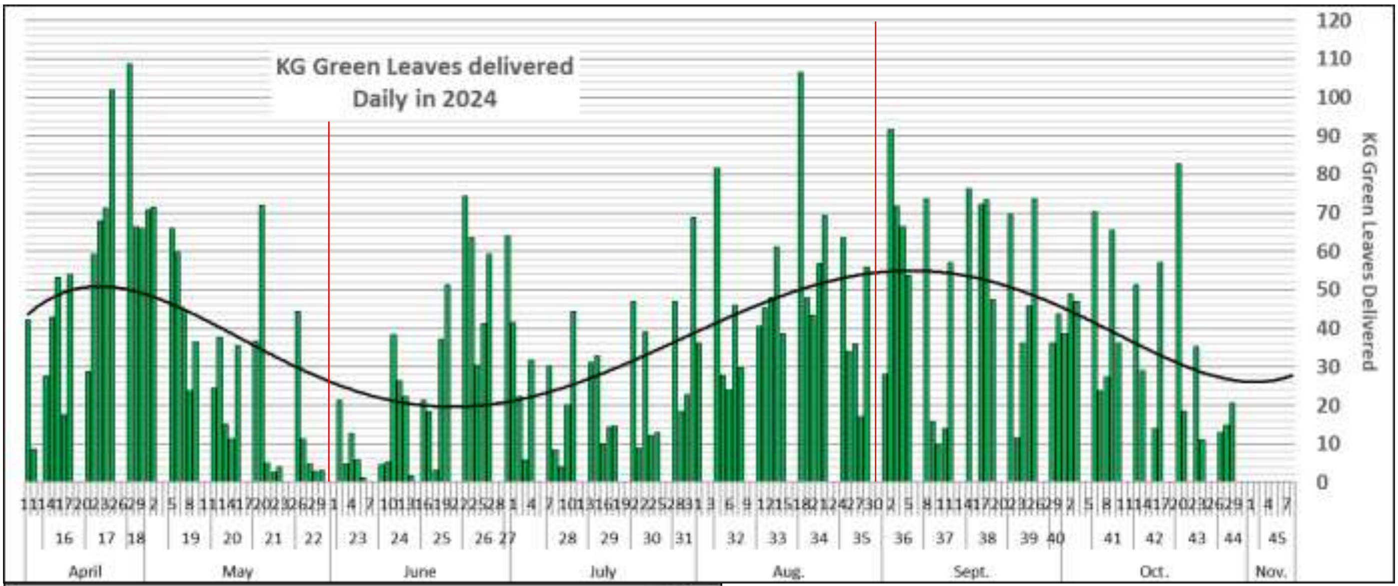


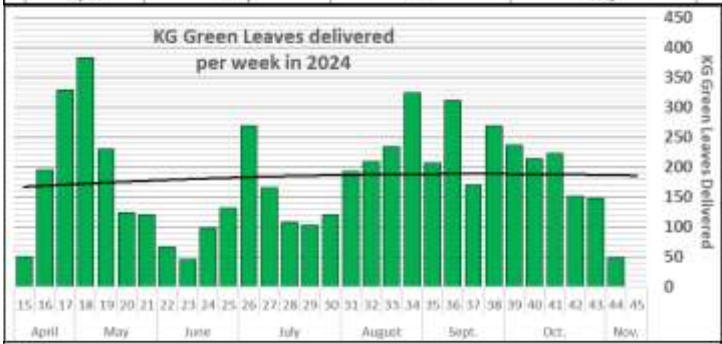
running costs of the factory. The average price is 140 Rs per delivered kg green leaves, ranging from 100 Rs to 180 Rs depending on the quality of bud and leaves and number of pekoe leaves delivered. In total 3,71,175 Rs was paid for green leaves.

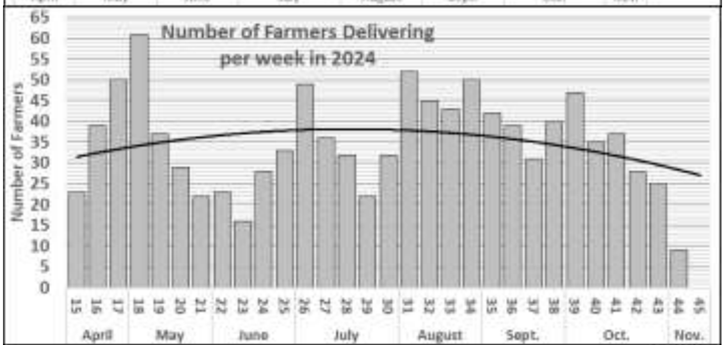


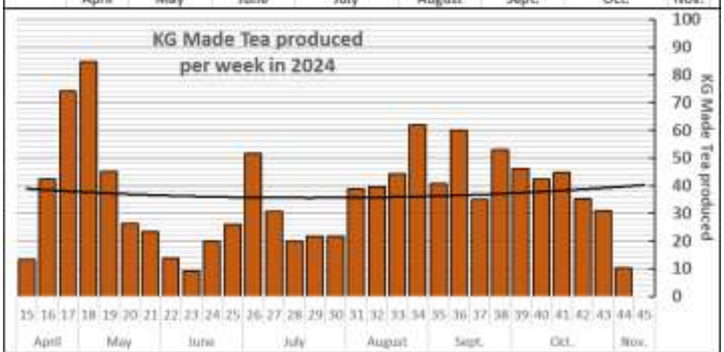
For the first time the shareholders of BTE was paid dividend, 8% of share value which is 1 % higher than local banks. 71 shareholders was paid 1,28,000 Rs.

The afterpayment was distributed after all expenses and income up to Nepali New Year was recovered and budget of the coming production period was reserved, to show the expected profit of BTE. This profit was distributed among the farmers according to the made tea produced from their leaves. This differs from the leaves delivered as the production is registered on daily basis. The average payment per kg made tea was 860 Rs/kg ranging from 600 Rs to 1.000 Rs depending on the quality of the green leaves. In total 4,71,859 Rs was paid as afterpayment for made tea. In average 4,70 kg green leaves produces 1 kg of made tea, so the afterpayment was 30% higher than the green leaves payment for 2023.







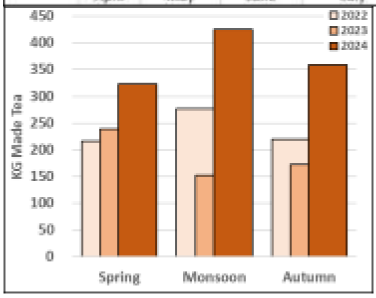


Due to the altitudes between 2.000 and 2.600 m the bushes are slow growing, giving harvest ready leaves in varying harvest time, so therefore the harvesting is distributed almost daily through the season. Anyhow, like in previous years there is a period between the end of May and beginning of June where production has almost ceased. It could be considered to utilize this period for other activities at the Factory.

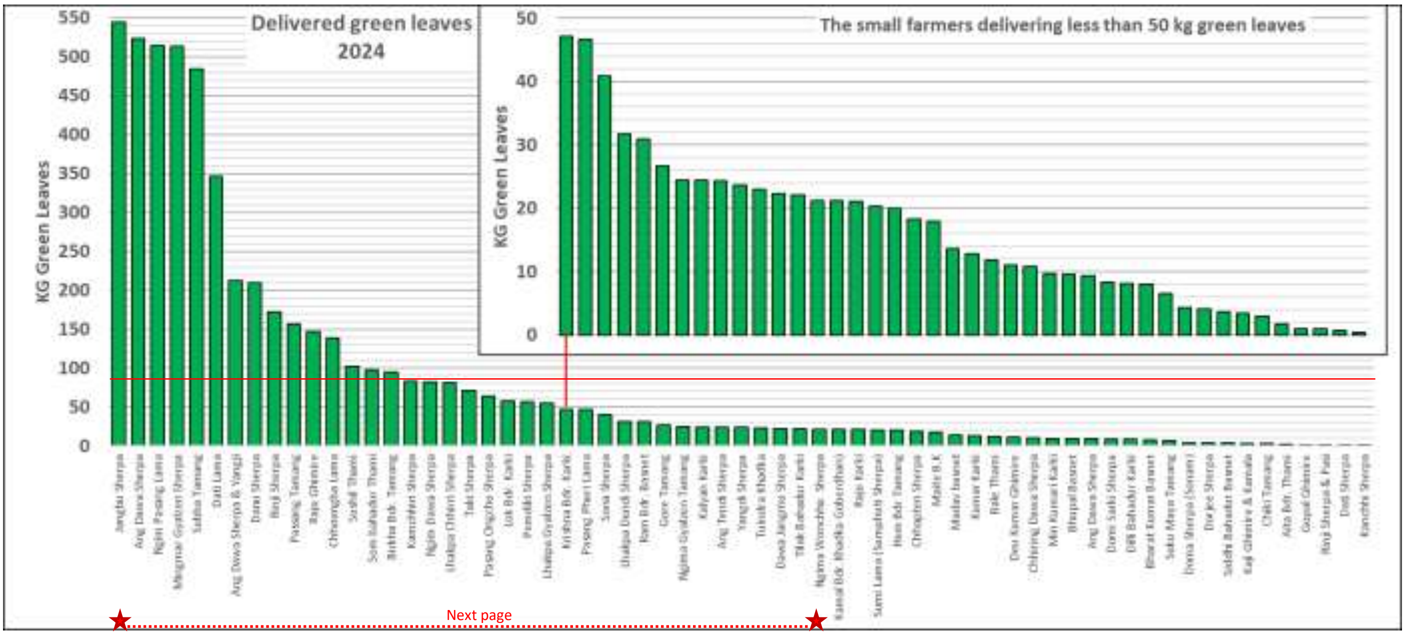
On the other hand, it seems like the number of farmers delivering in the weak periods is higher, suggesting that it is the farmers with low yield gardens which are delivering in these periods.

The weekly tea produced is of course following the same pattern as the delivered leaves. The minor differences are mainly a result of a variation in the solid matters of the leaves. As an average 4,7 kg green leaves are producing 1 kg made tea, but during the monsoon period the water content inside and outside the leaves are higher than in the dry periods of spring and autumn. Of the same reason our payment for green leaves is slightly lower in the monsoon period.

The production of 2024 is 65% higher than in 2022. The climate variations during the year are the reason for uneven variation in this surplus of yield. 2024 was starting later than 2022 and the end of monsoon gave a considerable higher yield. No reason to compare with the unusual year 2023.



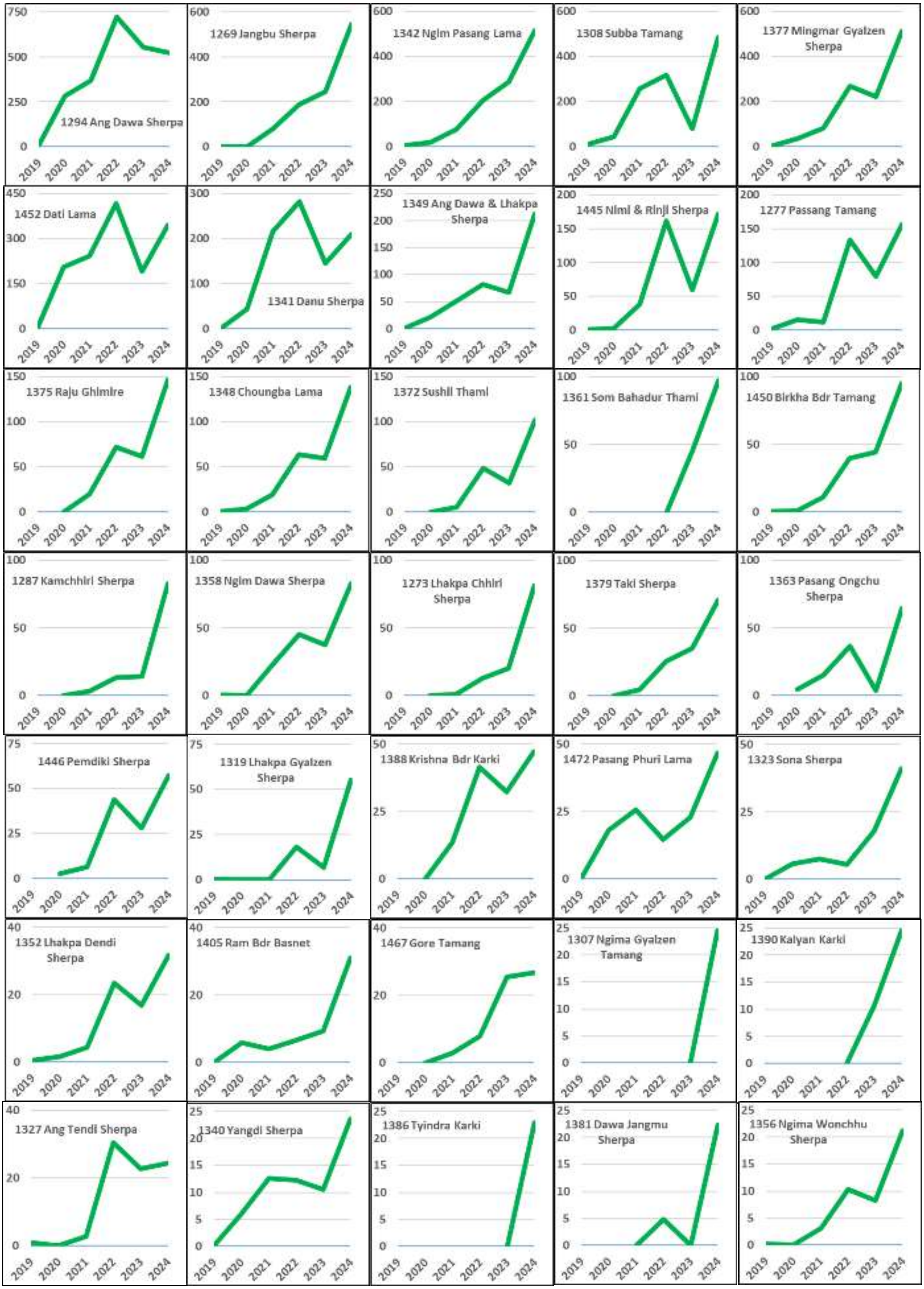
We are defining the flushing periods with the monsoon period as the defining period, where the rain starts and ends on a daily basis. In that way the spring and autumn flushes are approximately equal, while the monsoon flush gives a larger yield.

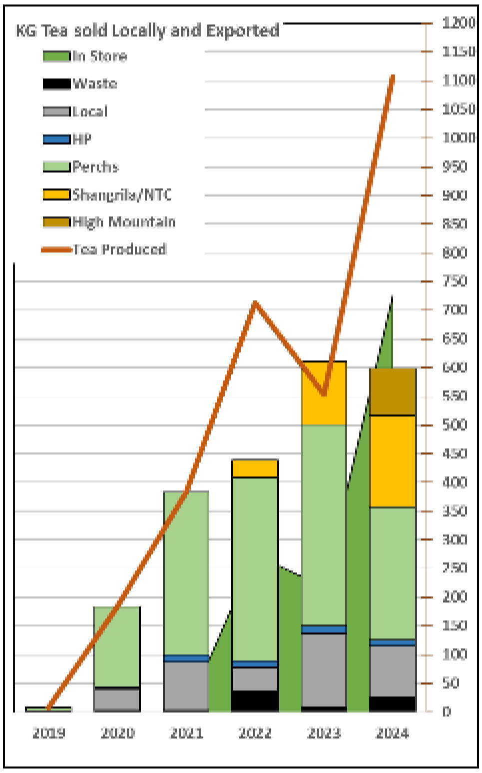


65 farmers are delivering 5,479.577 kg of green leaves. In average 85 kg each farmer, so only 15 farmers are delivering above average. Generally, the farmers delivering between 50 and 100 kg are those on the way in developing their gardens, while most of the farmers delivering below 50 kg are those who have less land, or land not suitable for tea bushes, or less time or willingness to engage in their tea garden.

The sister-organization of BTE, Bhakanje Tea Cooperative (BTC), is every year having support from local authorities to purchase cuttings from the local farmers, who have nursery, to distribute among the people of Bhakanje. The criterion of distribution varies. Sometimes they are given for the big gardens, sometimes for the small, and sometimes for people who are not ready to receive.

On the next page the development in the first 6 years of tea production among the 35 farmers can be seen. It is clearly seen that the vast majority are increasing their production at the same or even higher pace than the average increase. It is also seen that most farmers took the advice from pruning training. New farmers introduced last and current year. This supports the expectation that production will increase at the same pace ahead as previously.


1294 Ang Dawa Sherpa
1269 Jangbu Sherpa
1342 Ngim Pasang Lama
1308 Subba Tamang
1377 Mingmar Gyalzen Sherpa
1452 Dati Lama
1341 Danu Sherpa
1349 Ang Dawa & Lhakpa Sherpa
1445 Nimi & Rinji Sherpa
1277 Passang Tamang
1375 Raju Ghimire
1348 Choungba Lama
1372 Sushil Thami
1361 Som Bahadur Thami
1450 Birkha Bdr Tamang
1287 Kamchhiri Sherpa
1358 Ngim Dawa Sherpa
1273 Lhakpa Chhiri Sherpa
1379 Taki Sherpa
1363 Pasang Ongchu Sherpa
1446 Pemdiki Sherpa
1319 Lhakpa Gyalzen Sherpa
1388 Krishna Bdr Karki
1472 Pasang Phuri Lama
1323 Sona Sherpa
1352 Lhakpa Dendi Sherpa
1405 Ram Bdr Basnet
1467 Gore Tamang
1307 Ngima Gyalzen Tamang
1390 Kalyan Karki
1327 Ang Tendi Sherpa
1340 Yangdi Sherpa
1386 Tyindra Karki
1381 Dawa Jangmu Sherpa
1356 Ngima Wonchhu Sherpa
2019
2020
2021
2022
2023
2024



The selling of the tea is prepared for the year of production of the tea bought. Therefore, the tea sold can still increase for both 2023 and 2024. There is still in store from 2023: 195 kg tea and from 2024: 545 kg tea.

Locally the sales are increasing, but most locals expect to buy on credit, and it is very difficult to collect the debt.

Himalayan Project is giving tea as presents for those who donate for the projects.

The Danish export is now focusing more on curly tea for tea bags, but the progress is still slow. More marketing should be carried on.

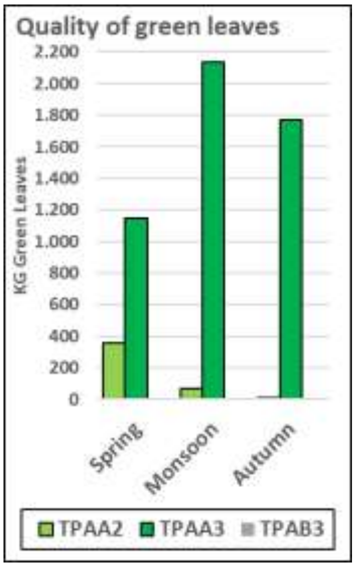
In USA, the marketing is done focusing on the Monsoon flush curly tea and the sale is increasing.

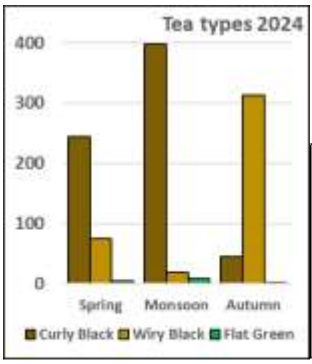
Newly, our wiry tea is introduced to the Chinese market, in which we are expecting further development.

For a young upcoming factory, the production expenses per kg made tea are high: 2.800 Rs/kg tea. Before next season we will have electricity by national grid, lowering the cost on creating our own electricity. Many basic expenses, especially the salaries, will not rise with the production, so the price per kg tea will be lower ahead.

Our general sales price is 5.500 Rs/kg tea, but with unsold tea in store and in general difficulties in budgeting the income, the surplus is only enough to make the farmers feel satisfied with dealing with their tea farming.

Especially in spring we experimented with making Flat Green Tea (Longjing) with varying results. We failed to make it uniform to call it a commercial product. For that purpose, we asked for the quality TPAA2 and paid higher price plus an extra bonus, but as the experiment was ceased the farmers returned to the quality TPAA3 with lower price but with heavier leaves. Only four deliveries in the Monsoon period were of a more meager quality TPAB3.





As the demand in 2023 was dominated by Curly tea the pearl roaster was working a lot. It must consider purchasing an extra machine, because only one machine can create a risk of not meeting the demand.