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இலங்கை திரிபோஷ கம்பனி

Sri Lanka Thriposha Ltd.

වාර්ෂික වාර්තාව

வருடாந்த அறிக்கை

Annual Report

2023

Contents

Background

Sri Lanka Thriposha Limited (referred to as "SLTL" or "the Company") was incorporated in the year 2010 as a public enterprise under the Companies Act, No. 07 of 2007. Established to achieve the main objective of "Elimination of Malnutrition in Sri Lanka", this institute was initially introduced as "Thriposha Programme". The Thriposha programme was started in the year 1973 with the support of “CARE” which is a humanitarian organization based in the United States of America. Initially, this superfood supplement was imported from the USA and packatted in Sri Lanka before being distributed to the target beneficiaries. Since its inception, the main ingredients of Thriposha production have been maize, soya and milk powder.

The Ministry of Health has been assisting this programme since 1976, and Ceylon Tobacco Company (“CTC”) was selected through a tender process to manage it. In the year 2010, this programme was transformed into a fully government-owned company named Sri Lanka Thriposha Limited and placed under the purview of the Ministry of Health. Due to the excess production capacity generated by the replacement of the Extruder Machine in 2016, Sri Lanka Thriposha Limited was able to launch and introduce its commercial product branded as “Suposha” to the market during the year 2017.

In the year 2020, Sri Lanka Thriposha Limited. was assigned under the State Ministry of Women and Child Development, Pre-School and Primary Education, School Infrastructure and Education Services as the line ministry. Later, the Sri Lanka Thriposha Company was assigned under the Ministry of Finance, Economic Stabilization and National Policies as its Line Ministry by Gazette No. 2334/07 dated 30/05/2023.

History

1973

The Thriposha program was initiated with the assistance of the CARE Humanitarian Organization located in USA. At the beginning, the additional food supplement was imported from USA and packed in Sri Lanka using ICSM powder.

1976

The Ministry of Health extended its support to the program. The management of the program was transferred to the Ministry of Health by CARE.

1979

Tenders were called by the Ministry to select a suitable company to manage the program, and Ceylon Tobacco Company was awarded the management after signing a tri- party agreement among the Ministry, CARE and CTC.

1980

Started the production of Thriposha in the factory in Ja-Ela with the introduction of two braidy machines. The formula used for production was a combination of corn-soya blend (CSB) and ICSM powder.

1987

CARE completely stepped out from the Thriposha Program.

2010

The program was turned into a fully government owned company under the Companies Act as "Sri Lanka Thriposha Limited" (SLTL) and taken under the purview of the Ministry of Health from CTC who was managing the program.

2016

Replaced the "Braidy" extruder machine with an "Anderson" machine which enabled SLTL to cater the full demand of Thriposha.

2017

Introduced a commercial product named "Suposha" to the market due to the surplus production.

History

2023

Introduced a Commercial Nutri-bar Product “Suposha Calorie Bar” to the Local Market.

A calorie bar consists of several ingredients, the most popular of which are Maize, Soya (Suposha Powder), Butter, Milk Powder, Eggs, Sugar, Vitamins, Minerals and Rice. Cereal bars are known as a healthier alternative to regular snacks and are generally high in nutritional value such as Vitamins, Minerals and Calcium. Both popularity and demand for cereal bars can be seen to grow, especially as global & local consumer spending capacity increases.
Suposha is an additional food very rich in nutritious quality. There is no single food product in the market to address protein malnutrition among the low come families in Sri Lanka, even though it is the mass market “Affordable Nutrition”. Hence, “Suposha Calorie Bar’s major vision is to develop pre-cooked & ready to eat “low cost” food product which have gluten-free and high protein nutritional value.

Suposha Calorie Bar - With Rice Mix

Suposha Calorie Bar

Our Vision

To be the trusted nutritional provider for the nation

in the elimination of malnutrition through

innovation, sustainability and efficiency.

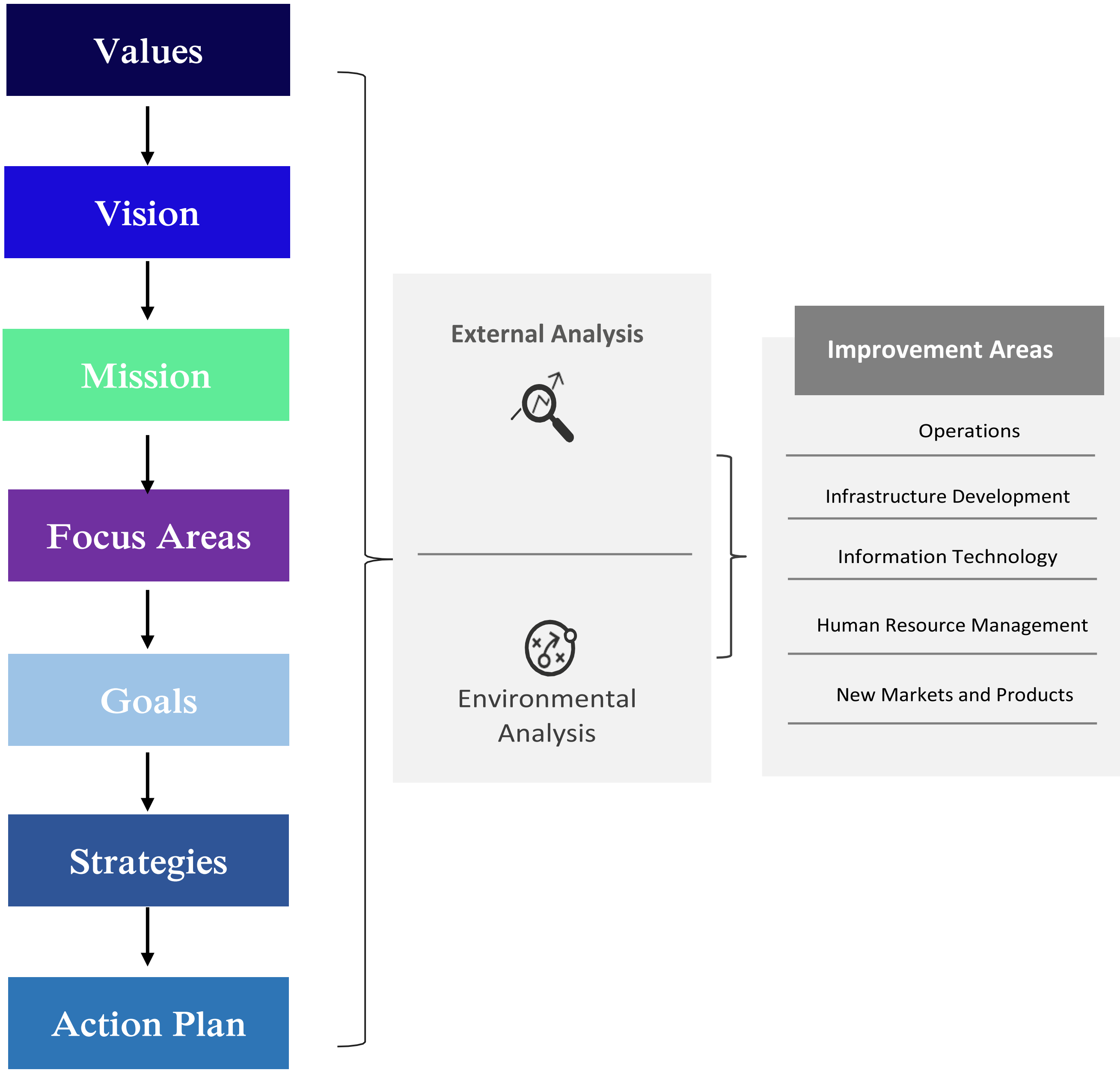
Our Mission

Our objective is to contribute towards a healthy nation by providing the nutritionally rich wholesome Thriposha food to the target beneficiaries and introducing to the market nourishing supplementary food products through the purchase of raw materials from the local farmers.

Firstly, the values were identified and the Vision and Mission were then derived from them.

Goals and strategies were derived considering both internal and external factors which were gathered from the gap analysis (identified from the interviews) and the environmental analysis respectively.

The gaps were categorized into 5 improvement areas. Key Focus Areas were derived considering these gaps and the environmental analysis. Taking all these factors into consideration, the goals, strategies and actions plans were developed respectively in order to achieve the vision and the mission.



The below values were identified as principles the Company would need to abide by should it wish to achieve its vision and mission:

Four (4) Focus Areas were identified to aid SLTL in aligning its goals and strategies and ultimately achieve its vision.

Our Commitment

Focus on eradicating malnutrition in the country while being self sufficient and maximize stakeholder value

Our Operations

Focus on sourcing, processing, marketing and distribution of nutritional food products in a sustainable manner while operating diligently

Our Product

Focus on quality and the standard of products that are provided to the end user

Our People

Focus on our valuable assets - employees

Goals

Goals were created in order to provide direction on what actions SLTL would need to take, in order to succeed in its focus areas. These would go on to inform the strategies and action plans of the Company.

Our Commitment

No	Goal	Description
Goal 1	Achieve the social welfare objectives of our stakeholders	Work towards improving the Company's contribution to society.

Our Operations

No	Goal	Description
Goal 2	Maintain infrastructure and technological advancements	Engage in improving the production plant, storage, logistics and technology, finding new solutions that minimize costs and maximize stakeholder value.
Goal 3	Achieve operational excellence to enhance productivity	Building a sustainable business environment through an effective operations management to provide good nutrition to the nation.

Goals

Our Product

No	Goal	Description
Goal 4	Achieve product excellence through research and innovation	Providing the right products through innovation and technical development.

Our People

No	Goal	Description
Goal 5	Promote and enhance organisation learning and a positive work environment	Focus on employee growth and development by creating a culture of learning where employees and their employer openly recognize and value the development of themselves and the Company.

Message of the Chairman of Sri Lanka Thriposha Limited

The production and free-of-charge distribution of the Thriposha supplementary meal through the health clinics island-wide to all pregnant and lactating mothers and underweight infants below five years of age living in Sri Lanka towards the cause of the fulfillment of the national mission of bringing forth a healthy populace replete with nutrition was the uppermost purpose among the objectives set out in the Memorandum of Articles when Sri Lanka Thriposha Limited was incorporated in the year 2011 as a Company fully owned by the government with affiliation to the Ministry of Health and it was possible to reach out to that goal during the year 2023 as well.

Supervised under the Ministry of Finance, Economic Stabilization and National Policies during the year 2023, Sri Lanka Thriposa Limited was able to go past the total production mark of 9,163 metric tons in the year 2023, using only the limited resources available for production, particularly in the face of the receipts of raw material grants (by WPF and SAGT).

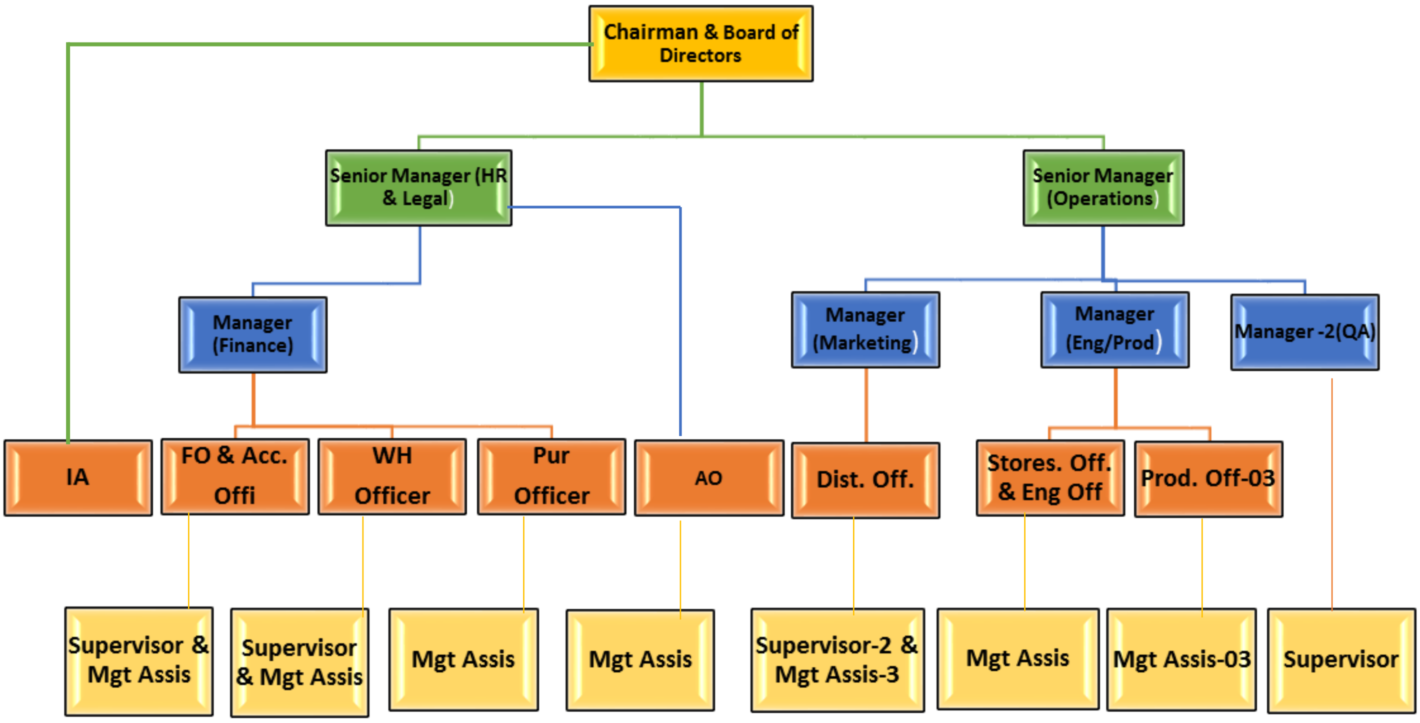
The total income of the year 2023 was Rs. 5,486.74 million and the total expenditure amounted to Rs. 4,675.65 million. Accordingly, the profit before tax was recorded as Rs. 811.09 million.

The amount of money spent for the purchase of fixed assets this year was Rs. 87.64 million and action was taken to remit the interim dividend of Rs. 65 million for the year 2023 to the General Treasury and I would also like to state that the arrangements will be made to disburse at least 30% dividends of the profit after tax according to the audited financial statements of the year 2023 to the Ministry of Finance before the end of the financial year 2024.

I do owe a debt of gratitude to His Excellency the President, Ranil Wickremasinghe, Hon. Minister of Health, Dr. Keheliya Rambukwella, Mr. S. Janaka Sri Chandraguptha, Secretary of the Ministry of Health, Mr. K. M. Mahinda Siriwardena, Secretary of the Ministry of Finance and Secretary to the General Treasury who extended us valuable support in this endeavor and to the whole of the staff at Thirposha including the Board of Directors as well as our suppliers who provide us with raw materials on time for an uninterrupted production and all the others who assisted us in many ways.

Deepthi Kularatna
Chairman
Sri Lanka Thriposha Limited

Organization Structure



- Acc.Offi - Accounts Officer
- AO - Administration Officer
- Dist - Distribution Officer
- FO - Finance Officer
- IA - Internal Auditor
- Mgt Assis - Management Assistant
- Pur - Purchasing Officer
- Prod - Production Officer
- WH - Ware House Officer

Board of Directors

Mr. Deepthi Kularatna

Chairman

Dr. Asela Gunawardena
Director General of Health Services
Ministry of Health, Nutrition and Indigenous Medicine

Dr. (Mrs.) Chitramali de Silva
Maternity & Children's Bureau
Ministry of Health, Nutrition and Indigenous Medicine

Mrs. Chamila Karunathilaka
Director
Ministry of Finance, Economic Stabilization and National Policies

Mrs. Theja Herat,
Director
Senior Research Officer
Industrial Technology Institute

Mrs. Lakmini N. Magodaratna
Nutrition Co-ordination Unit
Ministry of Health, Nutrition and Indigenous Medicine

Board of Directors

Mr. Chathurnika Kesanga Perera, AttL
Legal Advisor

Mr. Sudath Karunaratna
Chief Finance Officer I
Ministry of Health
(Observer)

Mrs. Thanuja Priyadarshani Alwis
Secretary to the Board of Directors

Corporate Management

Mr. Champika Salgado
Senior Manager
(Operations)

Mrs. Thanuja Priyadarshani Alwis
Senior Manager
(Human Resources & Legal)

Mr. P. G. P. K. Dasanayaka
Production and Engineering Manager

Mr. D. B. Tharindu Chamika
Finance Manager

Mr. Ajith Nissanka
Marketing Manager

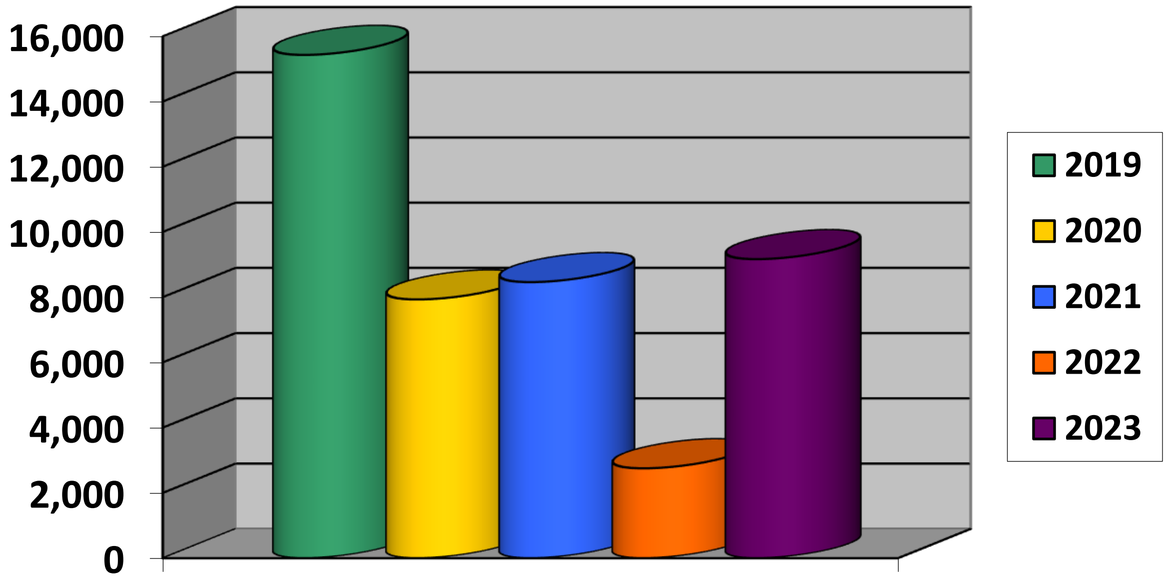
Mr. Ajith Disanayaka
Quality Control Manager

Mrs. Nelum Mendis
Quality Assurance Manager

Information on Overall Production

Year	2019	2020	2021	2022	2023
Thriposha Production (MT)	11,712	5,988	5,568	1,582	7,342
Suposha Production (MT)	3,717	1,939	2,890	1,170	1,821
Total Production (MT)	**15,429**	**7,927**	**8,458**	**2,752**	**9,163**

Overall Production from 2019 to 2023 in a Chart



Details of Thriposha Distribution

Offices of the Regional Directors of Health Services and Other Institutions	Mothers (Pregnant & Lactating)	Children			Total No. of Beneficiaries
		Between 06 months and 03 years	Between 03 – 05 years		
			General	Chest Clinic	
Ampara	**4,557**	6,399	6,435	150	**17,541**
Anuradhapura	**13,725**	21,250	18,390	135	**53,500**
Badulla	**11,430**	16,103	14,880	255	**42,668**
Batticaloa	**11,485**	11,536	9,525	180	**32,726**
Colombo Municipal Council	**5,670**	5,115	3,990	-	**14,775**
Colombo	**17,685**	16,862	18,345	-	**52,892**
Galle	**13,545**	14,752	13,590	300	**42,187**
Gampaha	**28,890**	26,472	18,000	-	**73,362**
Hambantota	**9,300**	13,508	13,830	75	**36,713**
Jaffna	**8,898**	7,323	6,735	270	**23,226**
Kalmune	**10,180**	7,660	7,395	150	**25,385**
Kalutara	**10,815**	11,816	7,395	375	**30,401**
Kandy	**23,672**	26,307	24,945	270	**75,194**
Kegalle	**12,825**	10,871	11,415	210	**35,321**
Kilinochchi	**2,236**	1,946	1,440	30	**5,652**
Kurunegala	**26,442**	27,198	24,645	225	**78,510**
Mannar	**2,322**	1,645	1,665	30	**5,662**
Matale	**8,134**	8,747	8,715	150	**25,746**
Matara	**11,160**	17,224	17,625	150	**46,159**
Monaragala	**9,861**	10,257	8,955	60	**29,133**
Mullaitivu	**1,920**	1,672	1,890	30	**5,512**
Nuwara Eliya	**10,680**	35,775	27,075	180	**73,710**
Polonnaruwa	**7,530**	9,036	8,565	60	**25,191**
Puttalam	**13,846**	10,303	8,820	30	**32,999**
Ratnapura	**12,735**	20,907	17,355	255	**51,252**
Trincomalee	**8,829**	8,527	6,930	90	**24,376**
Vavuniya	**2,791**	2,557	2,145	60	**7,553**
National Health Academy – Kalutara / Beruwala	**4,170**	5,102	4,425	-	**13,697**
Chest Hosptal	**-**	-	-	1,680	**1,680**
Lady Ridgeway Children's Hospital	**-**	-	105	-	**105**
Apeksa Hospital - Maharagama	**-**	-	30	-	**30**
Ayathi Center - Ragama	**-**	-	30	-	**30**
Chest Hosptal – Welisara	**-**	-	120	-	**120**
Total	**305,333**	**356,870**	**315,405**	**5,400**	**983,008**

* The distribution of Thriposha during the year 2023 was undertaken only for pregnant / lactating mothers and children between the age of 03 - 05 years.
* Accordingly, the total number of Thriposha beneficiaries was **626,138**.
*

Details of Thriposha Distribution

Offices of the Regional Directors of Health Services and Other Institutions	Total No. of Beneficiaries in the year 2023	Distribution of Thriposha during the year 2023 (Master Bags)
Ampara	11,142	5,191
Anuradhapura	32,250	12,249
Badulla	26,565	15,425
Batticaloa	21,190	11,292
Colombo Municipal Council	9,660	7,046
Colombo	36,030	20,560
Galle	27,435	12,139
Gampaha	46,890	26,231
Hambantota	23,205	13,036
Jaffna	15,903	8,462
Kalmune	17,725	9,446
Kalutara	18,585	10,348
Kandy	48,887	19,517
Kegalle	24,450	10,868
Kilinochchi	3,706	2,221
Kurunegala	51,312	20,511
Mannar	4,017	2,410
Matale	16,999	9,054
Matara	28,935	15,398
Monaragala	18,876	8,802
Mullaitivu	3,840	1,834
Nuwara Eliya	37,935	19,794
Polonnaruwa	16,155	7,608
Puttalam	22,696	13,884
Ratnapura	30,345	15,926
Trincomalee	15,849	8,450
Vavuniya	4,996	2,993
National Health Academy – Kalutara / Beruwala	8,595	3,448
Chest Hospital	1,680	1,000
Lady Ridgeway Children's Hospital	105	70
Apeksa Hospital - Maharagama	30	12
Ayathi Center - Ragama	30	12
Chest Hosptal - Welisara	120	53
Total	**626,138**	**315,290**

Details of Thriposha Distribution

Month	Distribution of Thriposha during the year 2023 (Master Bags)
January	27,705
February	28,049
March	20,728
April	364
May	14,088
June	29,989
July	30,978
August	21,814
September	40,684
October	46,815
November	29,495
December	24,581
Total	**315,290**

Summarized Matters related to Audit and Management Committee Meetings

Members of the Audit and Management Committee and Other Officers Attended

i. Mrs. Chamila Karunathilaka	-	Chairman, Audit and Management Committee, Director, Sri Lanka Thriposha Limited.
ii. Dr. (Mrs.) Chitramali de Silva	-	Member, Audit and Management Committee, Director, Sri Lanka Thriposha Limited.
iii. Mrs. Theja Herat	-	Member, Audit and Management Committee, Director, Sri Lanka Thriposha Limited.
iv. Mr. B.G. Darshana	-	Observer, Audit and Management Committee, Audit Superintendent, National Audit Office.
v. Mrs. Thanuja Priyadarshani Alwis	-	Senior Manager (Human Resources & Legal) Sri Lanka Thriposha Limited.
vi. Mr. D. B. Tharindu Chamika	-	Finance Manager, Sri Lanka Thriposha Limited.
vii. Mr. L. J. Sarath Premachandra	-	Convenor, Audit and Management Committee, Internal Auditor, Sri Lanka Thriposha Limited.

Three (03) Audit and Management Committee meetings were held during the year 2023 on the following dates:

01	First Meeting	04th of July 2023
02	Second Meeting	19th of October 2023
03	Third Meeting	28th of November 2023

Key Matters taken up for discussion :

01 Replacement of the revalued amounts of the fixed assets of the year 2019

02 Special matters pointed out in the Auditor General's Report for the year 2022

03 Matters related to the disbursement of dividends

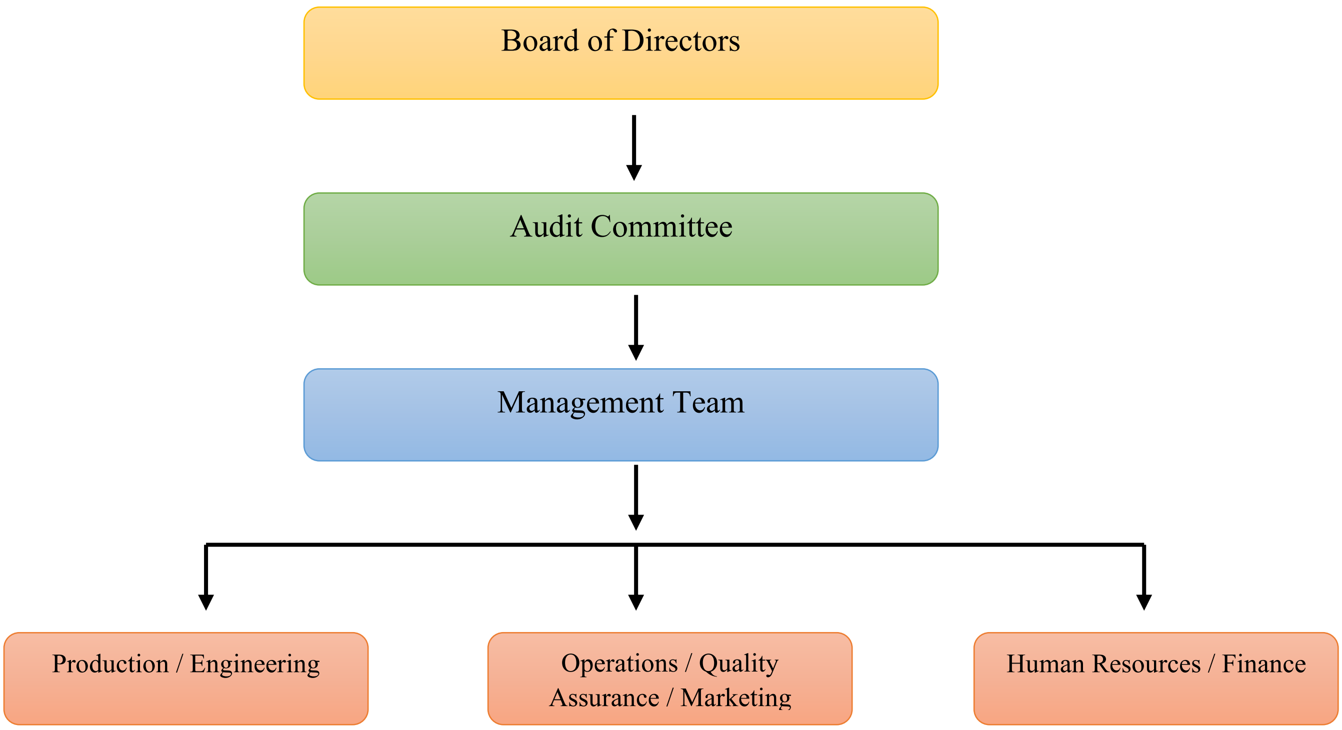
04 Disposal Method of the Scrap Material

Risk Management

As an organization with significant interests in the food manufacturing sector, the company is inevitably exposed to a range of external and internal risks which can have a significant impact on its ability to create value. The company's risk management process sets out to drive an optimum balance between minimizing the risks associated with the business and maximizing shareholder value creation. Risk management is also an organization-wide discipline, with clearly defined governance structures, policy frameworks and procedures in place to identify, manage and mitigate risks in a consistent manner.

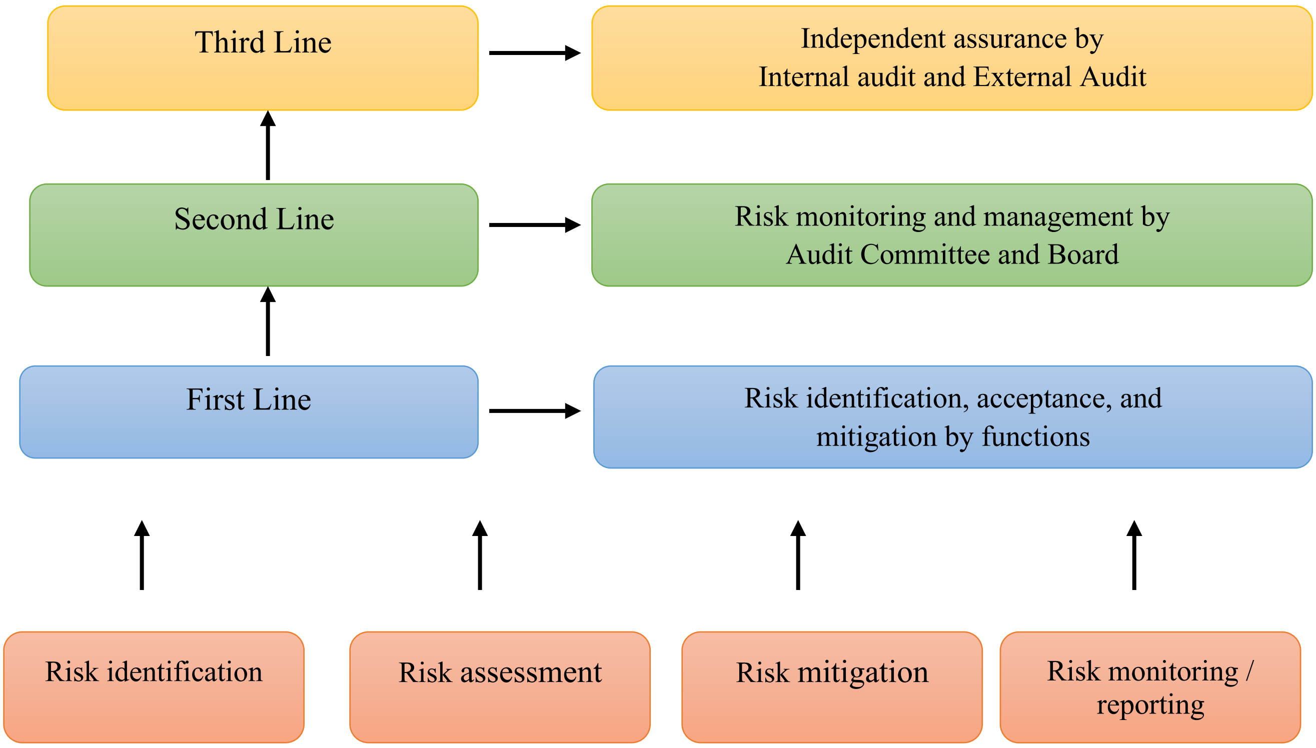
RISK GOVERNANCE

The Board of Directors hold apex responsibility for managing the company's risk profile in an effective manner. The Board is supported by the Audit Committee in its risk-oversight duties, which plays a central role in identifying, monitoring, and managing financial risks as well as selected employee, customer and environmental related risks. Nonfinancial risks arise primarily at business unit/functional level, and employees are responsible for the proactive identification and monitoring of risks throughout the organization.



PRINCIPLES AND APPROACH TO RISK MANAGEMENT

In line with the globally accepted three lines of defense model in managing and measuring its risks, which ensures clear segregation of duties in risk management. Risk identification, Risk assessment, Risk mitigation, Risk reporting and monitoring.



- Risk identification : Involves the proactive identification of risks across all business units and functions, with the engagement of all employees.
- Risk assessment : Assessment of risks based on the potential likelihood and magnitude of impact.
- Risk mitigation : Development and implementation of action plans to effectively mitigate risks.
- Risk monitoring/reporting : Reporting on key risk indicators to the Audit Committee and continuous monitoring of key exposures on an ongoing basis.

RISK APPETITE AND TOLERANCE

Risk appetite and tolerances vital to our risk management process, as it integrates risk management with business planning, resource allocation and operational management. The risk tolerance level demonstrates the threshold of risk that the company is willing to accept when pursuing its objectives and targets.

Low Risk	Moderate Risk	High Risk
Risk Treatment: Acceptable Managed through routine procedures and unlikely to require specific resources **Risk Response**	**Risk Treatment: Accept and Monitor** Treatment plan to be developed and monitored by operational managers **Risk Response** Manage through specific monitoring / response procedures	**Risk Treatment: Avoid Risk Response** Attention of senior management needed. And management responsibility specified.

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KEY PERFORMANCE INDICATORS

A KPI is short for a key performance indicator, a measurable and quantifiable metric used to track progress towards a specific goal or objective. KPIs help organizations identify strengths and weaknesses, make data-driven decisions, and optimize performance.

KPIs provide teams with targets to aim for, milestones to gauge progress, and insights to help guide decision-making throughout an organization. By monitoring KPIs, organizations can identify areas of strength and weakness, make data-driven decisions, and take actions to optimize performance.

Indicators	Year		
	2021	**2022**	**2023**
Achieving the Production Plan (Total Production in Metric Tons)	8,171	2,752	9,163
Sales Growth = (Net sales in the current period - Net sales in the previous period) / Net sales in the previous period	2.81%	26.73%	265.67%
Gross Profit Margin = (Revenue - Cost of Goods Sold) / Revenue	10.86%	3.16%	16.44%
Net Profit Margin (Before Tax) = (Total Revenue - Total Expenditure net of Income Tax) / Total Revenue	6.36%	(5.07%)	15.19%
Working Capital = Current Assets - Current Liabilities (Rs. m.)	786.29	876.94	1,197.86

Other substantial financial and non-financial Key Performance Indicators related to specific targets are described in detail in the Company's Corporate Plan.

Sustainable Development Goals

The main Sustainable Development Goals (SDGs) related to SLTL are:

SDG 2
End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

SDG 9
Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

SDG 12
Ensure sustainable consumption and production patterns

In order to ensure that the goals of SLTL are aligned with the SDGs, the SDGs were mapped with the proposed goals.

Focus Area	Goals	SDG
Our Commitment	**Achieve the social welfare objectives of our stakeholders**	2
Our operations	**Maintain infrastructure and technological advancements**	9, 12
	Achieve operational excellence to enhance productivity	
Our Product	**Achieve product excellence through research and innovation**	-
Our People	**Promote and enhance organisation learning and a positive work environment**	-

Strategies

Strategies were then created that would further aid SLTL in achieving its goals by providing direction on how the Company's vision would be achieved.

	Goal 1 | Achieve the social welfare objectives of our stakeholders Strategies
1.1	**Ensure uninterrupted supply of the welfare product**
1.2	**Support the development of the communities**

	Goal 2 | Maintain infrastructure and technological advancements Strategies
2.1	**Improve storage capacity and other related facilities**
2.2	**Develop existing production infrastructure to increase reliability and efficiency**
2.3	**Develop supporting infrastructure within the factory**
2.4	**Improve the IT infrastructure**

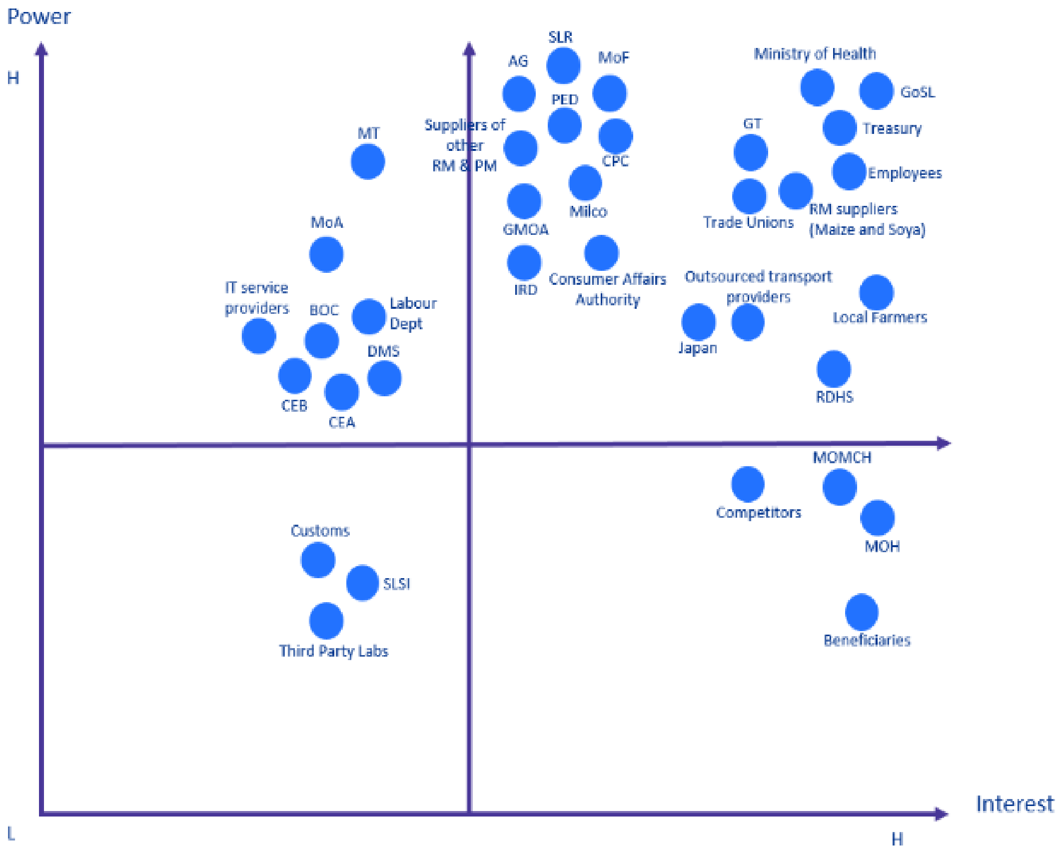
	Goal 3 | Achieve operational excellence to enhance productivity Strategies
3.1	**Streamline internal business processes**
3.2	**Improve market penetration and product availability**
3.3	**Comply with quality and safety standards to ensure a positive work environment**
3.4	**Conduct promotional activities for products**
3.5	**Ensure alignment with government policies and procedures**

	Goal 4 | Achieve product excellence through research and innovation Strategies
4.1	Upgrade resources to facilitate product development and quality testing
4.2	Introduce and upgrade products offered by the Company to their respective target market/s

	Goal 5 | Promote and enhance organisation learning and a positive work environment Strategies
5.1	Improve the recruitment and succession planning process
5.2	Encourage individual development through effective training programs
5.3	Establish a holistic performance management system

Stakeholder Analysis

Stakeholder Analysis is a systematic method to identify and analyze stakeholders by their power and interest. High power, high interest stakeholders are Key Players. Low power, low interest are Least Important.



The Parliament of Sri Lanka, Treasury, Ministry of Health and State Ministry of Women and Child Affairs have the highest power and interest over SLTL. These stakeholders including others in this quadrant should be closely monitored.

- Raw Material Suppliers, Sri Lanka Railway, Ministry of Finance, Public Enterprises Department are some of the stakeholders having high power and relatively low interest over SLTL. Since these stakeholders have high power, SLTL should keep them satisfied, even if their interest is not as high.

- MOH, MOMCH, beneficiaries, competitors, farmers are some stakeholders of SLTL that have low power and high interest over its activities. SLTL should therefore keep these stakeholders informed of its activities.

List of Abbreviations of Stakeholders	
AG	Auditor General
BOC	Bank of Ceylon
CEA	Central Environmental Authority
CEB	Ceylon Electricity Board
CPC	Ceylon Petroleum Corporation
DMS	Department of Management Services
GMOA	Government Medical Officers' Association
GoSL	Government of Sri Lanka
GT	General Trade
IRD	Inland Revenue Department
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MOH	Medical Officer of Health
MOMCH	Medical Officer of Maternity and Child Health
MT	Modern Trade
PED	Public Enterprises Department
RDHS	Regional Director of Health Services
SLR	Sri Lanka Railway
SLSI	Sri Lanka Standards Institution

SWOT Analysis

In order to further understand SLTL's operational environment, a SWOT analysis was carried out. This is a study undertaken to identify its internal strengths and weaknesses, as well as its external opportunities and threats.

STRENGTHS

- Strong Brand Image
- Experience and Expertise in the industry
- Government Ownership and Support
- Employment Opportunity Generator
- Empowering the Local Farmer
- No Bank Borrowings
- Corporate Governance
- Job security and employee satisfaction
- Increased Production Capacity
- Support Services from other Government Organizations
- Self-Sustainability
- Strong Brand Build through the Primary Brand for the Commercial Brands
- Job security and employ on satisfaction

WEAKNESSES

- Inefficiencies in Thriposha Distribution
- Lack of R&D Facilities
- Insufficient Storage Space
- Lack of a Backup Plan for Production
- Stoppages
- Production Inefficiencies
- Lack of an Integrated System Solution
- Lack of Funds of Expansion
- No Accreditations for Quality Standards
- HRM Related issues
- Lack of SOPs and KPIs
- Lack of Buffer Stock Build up
- Altaring Vision Statements
- Lack of Direct Exports
- Lack of Brand Awareness
- Lack of Funds for Expansion
- Lack of Buffer Stock Build-up

SWOT

THREATS

- Limited Availability of Suppliers
- Government Policy Changes:
- Non-compliance by Suppliers
- Unpredictable Climatic Changes
- Intense Competition from direct and indirect Substitute Products
- Price Differentiation with Competitor Products
- More Visibility and Marketing Effort by Competitors
- Threat from Ready to Eat Cereal Products
- Diversified Product Portfolio Owned by Competitors
- Direct Competition from Direct and Indirect Substitute Products

OPPORTUNITIES

- Potential Infrastructure Development
- Obtain Accreditation for Quality Standards
- Integrated System Solution
- Automation Possibilities
- New Product Development
- Market "Suposha" as a Substitute for Flour
- Market Expansion Possibilities
- Bundling Promotions

SLTL manufactures a welfare product known as "Thriposha" which is issued free of charge to targeted beneficiaries and a rebranded commercial product named "Suposha" which is marketed to the general public predominantly through a dealer network. Therefore, the analysis was mainly carried out with the focus on "Suposha" since it is the profit-making business segment of SLTL.

High

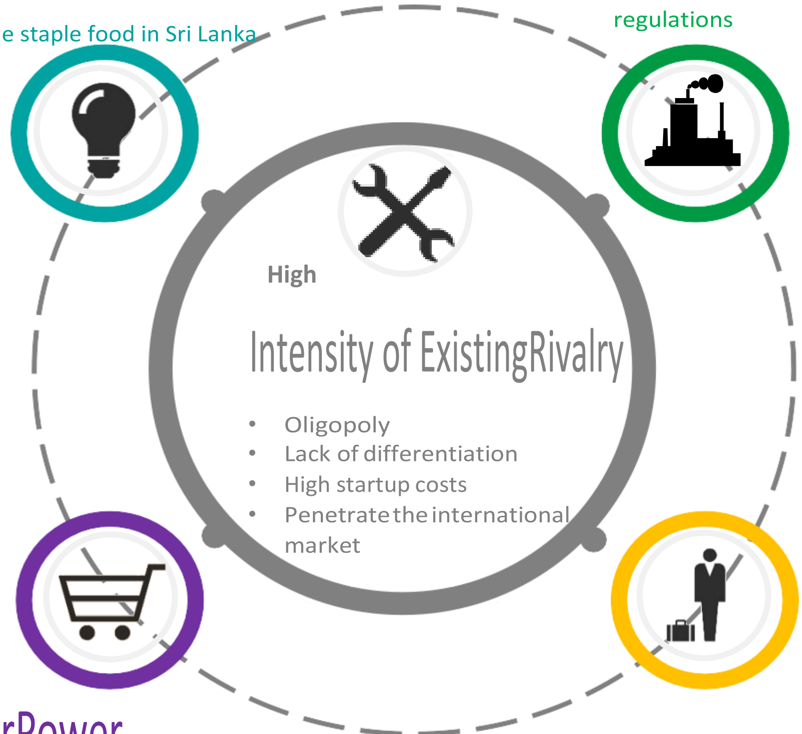
ThreatofSubstitutes

- Wide range of cereal-based products in the market
- SLTL only manufactures a single product compared to competitors
- Many alternative products for breakfast
- Low-cost alternatives available in the market
- Rice is the staple food in Sri Lanka

Low

Threat of New Entrants

- Oligopoly
- High capital requirements
- Economies of Scale
- Customer brand loyalty
- Competitor maintaining a dominant position
- No specific government laws and regulations



High

SupplierPower

- No substitutes for Maize and Soya
- Main raw materials are agricultural products
- Unpredictable weather patterns affecting supply
- Sole supplier for milk powder Sole supplier for fuel used for operations
- Specialized spare parts are required for the production process

Moderate

BuyerPower

- No buyer power for Thriposha
- Oligopoly Undifferentiated products Low switching cost
- Modern Trade customers are
- powerful

Acknowledgment

We pay our gratitude to Dr. Keheliya Rambukwella, Hon. Minister of Health for encouraging us with his continuous guidance, Mr. S. Janaka Sri Chanraguptha, Secretary of the Ministry of Health for leading us in the right direction with necessary instructions and Mr. K. M. Mahinda Siriwardena, Secretary of the Ministry of Finance and the Secretary to the Treasury for lending us a helping hand with requisite annual provisions.

Likewise, it indeed was a blessing to all of us the support and cooperation extended by all ladies and gentlemen of the Board of Directors. I also wish to thank our suppliers and those who render us services externally.

It is heartwarming to witness a staff serving satisfactorily from top to bottom in the institutional hierarchy. The contribution they make towards the Company has to be appreciated. In conclusion, we do owe a debt of gratitude to the entire members of the staff including the management of Sri Lanka Thriposha Limited, who strive to achieve the set targets at all times.

SRI LANKA THRIPOSHA LTD
STATEMENT OF PROFIT OR LOSS
For the year ended 31st December 2023

	Notes	31/12/2023 Rs.	31/12/2022 Rs.
INCOME			
Revenue	02	5,340,097,463	1,460,376,665
Less : Cost of Ready to used product	03	(4,434,494,806)	(1,397,887,498)
: Cost of Sales	04	(27,747,095)	(16,306,385)
Gross Profit/(Loss)		877,855,562	46,182,781
Other Income	05	146,643,079	59,784,117
Less: Expenses			
Sales and Distribution Expenses	06	43,803,343	13,000,652
Administration Expenses	07	89,310,178	95,195,285
Financial and other Expenses	08	80,294,424	71,816,385
		213,407,945	180,012,321
Net Profit/(Loss) Before Tax		811,090,697	(74,045,423)
Income Tax for the Year - 2023	09	(255,684,180)	25,735,350
Net Profit/(Loss) After Tax		**555,406,517**	**(48,310,073)**

The above statement of comprehensive income is to be read in conjunction with the accounting policies and note to the financial statements appear on pages 06 to 30 which form an integral part of these financial statements.

25 MAR 2024

01

SRI LANKA THRIPOSHA LTD
STATEMENT OF FINANCIAL POSITION
As at 31st December 2023

	Notes	31/12/2023 Rs.	31/12/2022 Rs.
ASSESTS			
Non Current Assets			
Property, Plant & Equipment	14	1,104,816,486	1,105,798,640
Differed Tax Assets		15,385,245	35,888,296
Receivable Loans	15	49,743,321	-
Current Assets			
Inventories	16	952,274,033	458,657,846
Trade & Other Receivables	17	347,217,913	182,545,806
Cash & Cash Equivalents	18	868,353,209	513,773,838
		2,167,845,155	1,154,977,490
Total Assets		**3,337,790,207**	**2,296,664,426**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	19	304,600,000	304,600,000
Capital Reserves	20	407,750,516	407,750,516
Revaluation Reserves	21	518,157,038	518,157,038
Retained Earnings		1,064,046,112	605,989,851
Total Equity		**2,294,553,666**	**1,836,497,405**
Non Current Liabilities			
Retirement Benefit Obligation	22	72,942,409	79,162,809
Medical Fund	23	314,226	435,786
		73,256,635	**79,598,595**
Current Liabilities			
Deferred Income	24	552,426,677	102,540,269
Trade & Other Payables	25	417,553,229	278,028,157
Total Equity & Liabilities		**3,337,790,207**	**2,296,664,426**

The above statement of financial position is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 06 to 30 which form an integral part of these financial statements.

These financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

Sri Lanka Thriposha Limited

Head of Finance B Tharindu Chamika
Finance Manager

The Board of directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board

Chairman Deepthi Kularathna
Chairman
Sri Lanka Thriposha Limited

Director
Director
Sri Lanka Thriposha Limited

Ja-Ela, Kapuwatta
Date: 22/03/2024

02

SRI LANKA THRIPOSHA LTD
STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2023

	Notes	Stated Capital	Capital Reserves	Revaluation Reserves	Retained Earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01/01/2022		304,600,000	407,750,516	511,096,168	656,621,192	1,880,067,876
Addition/ Deduction - 2022		-	-	7,060,870	-	7,060,870
Dividend		-	-	-	(20,000,000)	(20,000,000)
Prior Adjustment		-	-	-	17,678,732	17,678,732
Net Profit/ (Loss) After Tax - 2022		-	-	-	(48,310,073)	(48,310,073)
Balance as at 31/12/2022		**304,600,000**	**407,750,516**	**518,157,038**	**605,989,851**	**1,836,497,405**
Balance as at 01/01/2023		304,600,000	407,750,516	518,157,038	605,989,851	1,836,497,405
Dividend		-	-		(65,000,000)	(65,000,000)
Prior Adjustment	26	-	-	-	(32,350,255)	(32,350,255)
Net Profit/ (Loss) After Tax - 2023		-	-	-	555,406,517	555,406,517
Balance as at 31/12/2023		**304,600,000**	**407,750,516**	**518,157,038**	**1,064,046,112**	**2,294,553,666**

03

SRI LANKA THRIPOSHA LTD
CASH FLOW STATEMENTS
For the year ended 31st December 2023

	31/12/2023 Rs.	31/12/2022 Rs.
Cash Flow from Operating Activities		
Net Profit/(Loss) Before Tax	811,090,697	(74,045,423)
Adjustments for		
Depreciation	89,048,731	64,146,588
Interest Income	(77,331,884)	(37,893,166)
Gratuity Provision for the year	4,647,286	3,716,378
Provision Medical Contribution	208,740	221,340
Prior year adjustment	(32,350,255)	9,276,426
	(15,777,381)	**39,467,566**
Operating Profit Before Changes in Working Capital	795,313,315	(34,577,856)
Changes in Working Capital		
Increase / (Decrease) in Trade & Other Receivables	(214,415,428)	(64,678,090)
Increase / (Decrease) in Trade & Other Payables	(97,599,203)	(16,587,406)
Increase / (Decrease) in Inventories	(493,616,188)	(143,914,304)
Increase / (Decrease) Deferred Income	449,886,408	102,540,269
	(355,744,411)	**(122,639,530)**
Cash Generated from Operating Activities	439,568,905	(157,217,386)
Less: Gratuity Paid	(5,561,625)	(3,244,400)
Income Tax Paid	(3,362,916)	-
Medical Benefits Paid	(330,300)	(219,499)
Net Cash Flow from Operating Activities	**430,314,063**	**(160,681,285)**
Investing Activities		
Acquisition of Property, Plant & Equipment	(88,066,577)	(7,243,936)
Investment in Short Term	56,398,621	(46,180,196)
Interest Received	77,331,884	12,360,657
Net Cash Flow from Investing Activities	**45,663,929**	**(41,063,476)**
Financing Activities		
Dividend Payment	(65,000,000)	(10,000,000)
Net Cash Flow from Financing Activities	(65,000,000)	(10,000,000)
Net Increse (Decrease) in Cash & Cash Equivalent	410,977,992	(211,744,761)
Cash & Cash Equivalent at the Beginning of the Year	128,744,869	340,489,630
Cash & Cash Equivalent Carried Forward	**539,722,861**	**128,744,869**
Analysis of the Cash & Cash Equivalent shown in the		
Bank of Ceylon Ja-Ela Ac No 71324617	258,291,873	76,633,346
Bank of Ceylon Ja-Ela Ac No 80306903	281,410,988	52,111,523
Petty Cash	20,000	-
	539,722,861	**128,744,869**

04

SRI LANKA THRIPOSHA LTD

MANUFACTURING ACCOUNT

For the year ended 31st December 2023

	Notes	31/12/2023 Rs.	31/12/2022 Rs.
COST OF MANUFACTURING			
Raw Materials & Packing Material			
Balance as at 01/01/2023		285,782,578	172,340,457
Purchase	10	2,209,374,406	1,185,651,849
Donation Raw Material	11	2,158,666,344	103,437,269
		4,653,823,328	1,461,429,576
Transfer to Trading		-	(20,493,000)
Impairment		(25,801)	-
Balance as at 31/12/2023		(788,779,970)	(285,782,578)
Cost of Raw Materials and Packing Materials Consumed		**3,865,017,556**	**1,155,153,998**
Direct Labour and Management Cost	12	238,380,892	192,173,910
Prime Cost		**4,103,398,449**	**1,347,327,907**
Factory Overheads	13	363,978,602	122,322,279
		4,467,377,051	**1,469,650,186**
Working Progress			
Balance as at 01/01/2023		36,129,610	15,072,093
Balance as at 31/12/2023	16	(15,161,890)	(36,129,610)
		20,967,720	**(21,057,518)**
Total Production Cost		**4,488,344,771**	**1,448,592,669**

05

1. Significant Accounting Policies

1.1.1 Reporting Entity

Sri Lanka Thriposha Ltd. is a Limited Liability Company incorporated and domiciled in Sri Lanka (Incorporated under the Companies Act , No 7 of 2007 – P B 3873) as a fully Government Owned Company (State Owned Enterprise) under the supervision of Nutrition Division / Ministry of Health and Ministry of Finance, Economic Stabilization and National Policies (Line Ministry).

The registered office of the Company and the principal place of Business is Located at P O Box 17, Kapuwatta, Ja-Ela, Sri Lanka.

1.1.2 Principal Activities and Nature of Operations

The Company is the sole company for manufacturing "Thriposha"; for "Thriposha distribution program" of Ministry of Health.

The other principal activities of the company were:

- To facilitate to development, production and distribution of "Thriposha" – a Sri Lanka fortified supplementary food product in order to reduce maternal and child malnutrition in Sri Lanka.
- To encourage the income generation path for local farmers who supply the raw material for Thriposha Production as far as possible.
- To produce and market any other form of fortified blended food items based on Government policy.
- To assess the annual requirement of Thriposha and take necessary action to supply.

1.1.3 Board of Directors

1. Mr. Deepthi Kularathna (Chairman)
2. Dr.Asela Gunawardana
3. Dr.Lakmini N. Magodarathna
4. Mrs. H.M. Theja Herath
5. Mr. Chathurnika Keshanga Perera
6. Dr. Chithramalee De Silva
7. Mrs. Chamila Karunatilake (Treasury Representative)

Observer

Mr. Sudath Karunarathna (Chief Financial Officer – Ministry of Health)

Board Secretary

Mrs.Thanuja Priyadharshani Alwis

1.1.4 Auditor

National Audit Office
No.306/72, Polduwa Road,
Battaramulla

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1.1.5 Bankers

Bank of Ceylon
Ja-Ela

1.1.6 Date of Authorization for Issue

The Financial Statements of Sri Lanka Thriposha Limited for the year ended 31st December 2023 were authorized for issue in accordance with the resolution of the Board of Directors.

1.1.7 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ('SLFRS'), Sri Lanka Accounting Standards ('LKAS'), These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in the financial statements.

a. Statement of Compliance

The financial statements which comprise the statement of comprehensive income and expenditure, statement of financial position, statement of changes in equity and cash flow statement together with the accounting policies, bases and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No.7of 2007.

b. Basis of Measurement

The financial statements have been prepared on a historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes.

c. Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter-period comparability.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

d. Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees (LKR), which is the functional and presentation currency of the Company.

e. Use of Key Estimates and Critical Judgments

The preparation and presentation of financial statements in conformity with SLFRSs and LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

f. Going Concern

The Board of Director has made an assessment of the company's ability to continue as going concern in the foreseeable future, and Board is satisfied that the company possess adequate resources to continue its operation into the foreseeable future and hence endorses the continues adoption of the assumption of going concern.

1.2 Assets and the Bases of their Valuation

1.2.1 Property, Plant & Equipment

a. Recognition and Measurement

Items of property, plant & equipment are stated at cost or at fair value less accumulated depreciation and any impairment losses.

All items of property, plant & equipment are initially recorded at cost less accumulated depreciation and any impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant & equipment are required to be replaced at intervals, the entity 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.

b. Cost

The cost of property, plant & equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant & equipment that is accounted for separately, including major inspection and overhaul expenditure is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

c. Revaluation

All reported Property, Plant & Equipment of Sri Lanka Thriposha Ltd were revalued in 2019 by the valuation department.
(According to the Valuation Report received in 2020, all PPEs were revalued in 2020, and the revaluation figures were disclosed in the Financial Statements for the year ended 31.12.2021).

d. Depreciation

Depreciation is charged to the Profit and Loss Account on a straight-line basis at the following rates per annum in order to write off the cost of such assets over their estimated useful lives.

Buildings	Over 20 Years
Plant and Machinery	Over 10 Years
Motor Vehicles	Over 05 Years
Equipment and Tools	Over 05 Years
Laboratory Equipment	Over 10 Years
Agricultural equipment	Over 10 Years
Electrical Works	Over 05 Years
Office Equipment	Over 10 Years
Furniture and Fittings	Over 10 Years
Computer Equipment	Over 4 Years
Intangible Assets	Over 4 Years

Depreciation will be charged based on the purchasing month of the asset and the disposal month of the asset at a full rate separately.

e. De recognition

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on the derecognition of the assets is included in the statement of comprehensive income in the year the asset is derecognized.

1.2.2 Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset category in property, plant & equipment when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Company. Capital work-in-progress is stated at cost, including borrowing costs, less any accumulated impairment losses.

1.2.3 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 - Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 4 years on the straight-line method.
Curriculum development cost is written off on the straight-line method over a period of 4 years.

1.2.4 Inventories

Generally, Inventories are valued at the first in first out (FIFO) method, after making due allowances for obsolete and slow-moving items. However, Sri Lanka Thriposha Ltd has received some raw material donations, which were needed to consume without following FIFO due to some practical cases. Net realizable value (NRV) is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following formula: -

Raw Materials	- At cost
Work –in- Progress	- At Cost
Finished Goods	- At the weighted average/cost of direct materials, direct labor, Administration of an appropriate proportion of fixed Production overheads based on normal operating capacity.

Net Realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make sale.

1.2.5 Impairment of Assets

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1.2.6 Financial Assets

LKAS 39

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable to transaction costs.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The financial assets of the Company include cash and short-term investments and trade and other receivables.

a. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

The Company has not designated any financial asset upon initial recognition at fair value though profit or loss.

b. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

Employee Loans

There are two main employee loans that have been approved by the Board of Directors of the Company.

I. Welfare Loan – Maximum Amount of LKR. 500,000/=, Recoverable in a maximum of five years at a rate of 5.00% per annum after checking the availability.
II. Distress Loan - Maximum Amount of LKR. 250,000/=, Recoverable in a maximum of five years at a rate of 4.20% per annum after checking the availability.

c. Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.

Investments in Government Securities (Treasury Bills and Bonds / REPO) and fixed deposits have been classified under HTM investments.

d. Available-for-Sale Financial Investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves is reclassified to profit or loss.

The Company has not designated any financial asset upon initial recognition as an available-for-sale investment.

SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company adopted SLFRS 9 using the full retrospective method of adoption. Based on the assessment performed, the company concluded that SLFRS 9 does not have a material impact on the company's financial statements.

Classification and measurement

Except for trade receivables, under SLFRS 9, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under SLFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVTPL), amortized cost, or fair value through other comprehensive income (FVTOCI). The classification is based on two criteria: The company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the entity's business models was made as of the date of initial application, 1st January 2018, and then applied retrospectively to those financial assets that were not derecognized before 1st January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the company's financial liabilities remains largely the same as it was under LKAS 39.

1.2.7 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

The adoption of SLFRS 9 has fundamentally changed the company's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

SLFRS 9 requires the company to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the entity expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the entity has to apply the standard's simplified approach and has to calculate ECLs based on lifetime expected credit losses.

1.2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits at the bank, fixed deposits, and repurchase agreements.

1.3 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the Reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.3.1 Employee Benefits

a. Provision for Retiring Gratuity

The company has adopted the LKAS 19 "Employee Benefits" and applied project unit credit (PUC) method to make a reliable estimate to the present Value of company's retirement benefit obligation.

The key assumptions used for calculating the provision include the following:

Discounted Rate	**08%**
Future Salary Increment Rate	**10%**
Staff Turn Over	**02%**
Retirement Age	**60 Years**

That the Company will continue as a going concern.

b. Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plan are recognized as an expense in the statement of comprehensive income as and when they are due.

c. Employees' Provident Fund

Company and employees, contribute 15% and 10% respectively from August 2019 onwards to the EPF with the approval of the Board of Directors. (Previous rates - company and employees, contribute 12% and 8% respectively)

d. Employees' Trust Fund

The Sri Lanka Thriposha Ltd. contributes 3% of the salary of each employee to the Employees' Trust Fund.

1.3.2 Trade and Other Payables

Trade and other payables are stated at cost.

1.3.3 Taxation

The inland revenue Act No.24 of 2017 was enacted by the Parliament with effect from 01.04.2018. The provision for Corporate Income Tax (CIT) is based on the elements of income & expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. 24 of 2017 and subsequent amendments thereto.

Value Added Tax (VAT) is introduced by the Act No.14 of 2002 and is in force from 1st August, 2002. According to the VAT Act, company is liable to pay VAT on Normal Sweeping Sales.

As per the IRD's Social Security Contribution Levy (SSCL) Act No.25 of 2022, Sri Lanka Thriposha Ltd is liable to pay SSCL Tax under Manufacturing and Retail Sales categories.

1.3.4 Deferred Taxation

Deferred Tax Asset or Deferred Tax Liability

Deferred tax is provided using the liability method on temporary differences between tax bases of assets and liabilities and their carrying value for financial reporting purposes at the reporting date.

1.3.5 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

1.4 Statement of Comprehensive Income

Capital Reserve – (Related to Capital Grants)

Funds spend on fixed assets since year 2011 provided by the Ministry of Health, CARE, and Ceylon Tobacco Ltd have been treated as capital grant and as such the depreciation in respect of these items has been charged to the relevant capital grant accounts while setting off same against the total depreciation charge for the year.

1.4.1 Deferred income - Grants and subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

In other words, Grants that compensate the Company for expenses incurred are recognized as revenue in the statement of comprehensive income/statement of profit or loss, in the same period in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in the statement of financial position.

Where the company receives non-monetary grants, the asset, and the grant are recorded gross at nominal amounts and released to the Statement of Profit or Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments.

1.4.2 Expenditure

a. Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Company and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

1.4.3 Finance Expense/Income

Finance income comprises interest received on an accrual basis on funds invested.

1.5 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with LKAS 07.

1.6 Events after the Reporting Period

There are no material events occurring after the reporting date which require adjustment to or disclosure in the financial statements.

1.7 New accounting standards, amendments and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements in the previous financial year, except for the adoption of new standards effective from 1st January 2018. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(i) SLFRS 9, 'Financial Instruments', replaces the multiple classification and measurement models in LKAS 39, 'Financial instruments: Recognition and measurement', with a single model that has initially only two classification categories: amortized cost and fair value.

(ii) SLFRS 15, 'Revenue from Contracts with Customers', replaces LKAS 18 which covers contracts for goods and services and LKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

(iii) Amendments to SLFRS 1, 'First Time adoption of Sri Lanka Accounting Standards', delete short term exemptions covering transition provisions of SLFRS 7, 'Financial Instruments Disclosures', LKAS 19, 'Employee Benefits', and SLFRS 10, 'Consolidated Financial Statements', which are no longer relevant.

(iv) SLFRS 16, 'Leases', primarily will affect the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases, under LKAS 17 except for few exemptions for leases for "low value" assets and short-term leases with a lease term of 12 months or less. This standard is effective for the annual periods beginning on or after 01 January 2019.

(v) Amendments to LKAS 12, 'Income Taxes', clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. The improvements to the standard is effective for accounting periods beginning on or after 1 January 2019.

(vi) Amendments to LKAS 23, 'Borrowing Costs', clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The improvements to the standard is effective for accounting periods beginning on or after 1 January 2019.

(vii) Amendments to SLFRS 3, 'Business Combination', clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The improvements to the standard is effective for accounting periods beginning on or after 1 January 2019.

1.8 Non-Current Assets Held For Sale

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets are re-measured in accordance with the Company's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

1.9 Analysis on Sustainable Development Goals related to Sri Lanka Thriposha Ltd

GOAL 2: Zero Hunger
End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

2.1. Applicable SDG Target:
By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

2.1.1. Indicator:
Prevalence of undernourishment.

2.2. Applicable SDG Target:
By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.

2.2.1. Indicator:
Prevalence of malnutrition (weight for height >+2 or <-2 standard deviation from the median of the WHO Child Growth Standards) among children under 5 years of age, by type (wasting and overweight)

2.3. Applicable SDG Target:
By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

2.3.1. Indicator:
Average income of small-scale food producers, by sex and indigenous status.

GOAL 9: Industry, Innovation and Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

9.2. Applicable SDG Target:
Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

9.2.1. Indicator:
- Manufacturing value added as a proportion of GDP and per capital.
- Manufacturing employment as a proportion of total employment.

9.4. Applicable SDG Target:
By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

9.4.1. Indicator:
CO2 emission per unit of value added

9.5. Applicable SDG Target:
Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1million people and public and private research and development spending.

9.5.1. Indicator:
- Research and development expenditure as a proportion of GDP.
- Researchers (in full-time equivalent) per million inhabitants.

GOAL 12: Responsible Consumption and Production
Ensure sustainable consumption and production patterns

12.5. Applicable SDG Target:
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.5.1. Indicator:
National recycling rate, tons of material recycled

12.7. Applicable SDG Target:
Promote public procurement practices that are sustainable, in accordance with national policies and priorities.

12.7.1. Indicator:
Number of countries implementing sustainable public procurement policies and action plans.

12.a. Applicable SDG Target:
Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.

12.a.1. Indicator:
Amount of support to developing countries on research and development for sustainable consumption and production and environmentally sound technologies.

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2023

	31/12/2023 Rs.	31/12/2022 Rs.
02. INCOME		
Thriposha Sales	2,468,681,435	740,056,360
Suposha Sales	1,146,606,048	680,256,519
Donation Adjustment (Note 2.1)	1,708,779,935	-
Calorie Bar Sales	4,360,160	-
Highland Product Sales	6,650,650	3,189,625
NFPB Product Sales	963,910	520,120
NLDB Products Sales	1,038,185	-
SLSP Products Sales	394,640	-
Bakery Items	2,622,500	481,290
Sales of Re-Consumption Milk powder	-	35,872,750
	5,340,097,463	**1,460,376,665**
2.1 Consumption of Donated Raw Material Adjustment		
Raw material support given by WFP (for Maize)	1,125,606,386	
Raw material support given by WFP (for Soya)	426,048,550	
Raw material donated by SAGT (for Milk Powder)	157,125,000	
	1,708,779,935	
03. COST OF READY TO USED PRODUCT		
Finish Product as at 01/01/2023 (Note 3.1)	40,812,800	46,570,967
Impairment Adjustment for Finish Goods (Note 3.2)	(11,495,995)	9,276,326
Adjusted Balance as at 01/01/2023	**29,316,805.30**	**55,847,293**
Total Production Cost	4,488,344,771	1,448,592,669
Finish Product as at 31/12/2023	(83,166,770)	(106,552,464)
	4,434,494,806	**1,397,887,498**
3.1 Adjusted finish product as at 01/01/2023		
Recorded value of finish product (P & L) 31/12/2022	106,552,464	-
Adjusted impairment in 2022	(65,739,664)	-
Actual value of finish product (BS) 31/12/2022	**40,812,800**	**-**
3.2 Impairment Adjustment for Finish Goods		
Value deduction due to impairment - 2023	11,495,995	-
	11,495,995	**-**
04. COST OF SALES		
Balance as at 01/01/2023 (Note 4.1)	21,317,523	18,282,782
Impairment of Inventory (Note 4.2)	(4,639,427)	-
Adjusted Balance as at 01/01/2023	16,678,096	-
Cost of the Sale Milk Powder	-	20,493,000
Calorie Bar Expenses	2,988,291	-
Purchase - Highland Product	5,359,046	2,792,580
Purchase - NFPB Product	863,548	733,922
Purchase - NLDB Product	851,881	-
Purchase - SLSP Product	355,450	-
Purchase - Bakery & Other	1,985,081	815,030
	29,081,393	43,117,314
Balance as at 31/12/2023	(1,334,298)	(26,810,929)
	27,747,095	**16,306,385**

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	31/12/2023 Rs.	31/12/2022 Rs.
4.1 Adjusted finish product as at 01/01/2023		
Recorded value of finish product (P & L) 31/12/2022	26,810,929	-
Adjusted impairment in 2022	(5,493,406)	-
Actual value of finish product (BS) 31/12/2022	**21,317,523**	
4.2 Impairment Adjustment for Finish Goods		
Value deduction due to impairment - 2023	4,639,427	-
	4,639,427	**-**
05 OTHER INCOME		
Sweeping Sales	60,011,796	9,697,533
Sales of Abnormal Sweeping Powder	-	6,117,450
Reimbusment of Medical expenses (From SLIC)	-	1,662,531
Donation - Milk Powder (From Food Commissioner Dept')	-	897,000
Rent Income	419,700	524,775
Interest income on Loans	3,699,241	1,574,156
Interest on Treasury Bill (Repo)	15,171,034	12,714,887
Interest on Fixed Deposits	50,578,475	25,178,279
Interest on Fund Management Account	7,883,134	-
Document Charges & Other	8,879,699	1,417,507
	146,643,079	**59,784,117**
06 SALES AND DISTRIBUTION EXPENSES		
Transport Charges	571,147	89,788
Distribution	10,784,191	1,196,955
Vehicles Repairs & Maintenance Charges	6,038,159	3,763,071
Outlet Expenses	311,863	318,009
Printing & Advertising	21,354,154	3,555,389
Uniforms - MKT	240,165	-
Research & Development	336,739	-
Sales Commision & Other Expenses	92,524	3,040
Depreciation	4,074,400	4,074,400
	43,803,343	**13,000,652**
07. ADMINISTRATIVE EXPENSES		
Salaries	11,294,090	11,836,521
EPF	2,136,079	2,202,166
ETF	427,416	440,463
Overtime	6,768,223	3,823,046
Allowances	7,013,091	5,359,356
Casual Wages	-	138,000
EPF on Casual Wages	-	30,000
ETF on Casual Wages	-	4,500
Terminal Payment	-	104,694
Management Allowances	5,066,676	7,484,809
Staff Welfare	1,268,705	2,844,762
Rate & Taxes	641,445	14,829,295
Office Equipment Maintenance	3,290,524	2,363,579
Security Charges	9,209,992	7,725,326
Fuel - Vehicles	2,054,532	1,339,349
Repairs & Maintenance - Vehicles	4,846,860	3,254,132
Other Services & Maintenance	97,860	339,607

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Laboratory Expenses	2,472,233	1,525,831
Tea & Others	117,857	226,479
Insurance	5,853,008	4,818,945
Event Management Services	656,301	592,983
Stationary	712,918	1,027,086
Postage Charges	357,500	85,000
Telephone Charges	538,252	484,353
Staff Training Charges	1,670,274	191,560
Legal and Professional Charges	2,637,878	2,632,945
Licence & Insurance Charges	1,718,997	1,369,810
Medical & Sanitary	522,931	544,162
Travelling Expenses	105,800	82,050
Target Allowance	12,687,147	12,677,481
Uniforms - Admin	620,500	-
Depreciation	4,523,090	4,816,997
	89,310,178	**95,195,285**

08. FINANCE AND OTHER EXPENSES

Bank Charges	42,300	22,810
SSCL Expenses	76,433,720	-
Prior Year Income Tax Payment	3,435,376	-
Other Expenses	8,639	2,050
Value Deduction due to Impairment	25,801	71,233,070
Interest on Bank Loan (BOC)	-	445,955
Donations	348,588	112,500
	80,294,424	**71,816,385**

09. Income Tax Expenses

Current Income Tax Expenses	235,181,129	-
Add:Deferred Tax Assets	20,503,051	(25,735,350)
	255,684,180	**(25,735,350)**

10. Purchasing

Maize	490,621,431	532,751,000
Soya	643,410,012	354,388,441
Milk Powder	626,405,807	154,392,516
Mineral	140,330,300	10,194,725
Vitamins	52,472,450	8,508,800
Rice	555,540	592,500
Polythene Reel	113,906,848	39,035,937
Kraft Paper Bags	60,510,755	20,557,013
Twine	446,015	-
Suposha Polythene Reel	58,993,034	45,442,867
Suposha Corrugated Boxes	21,722,213	19,788,052
	2,209,374,406	**1,185,651,849**

11 Donation Raw Material

Maize	1,290,523,430	68,042,160
Soya	711,017,914	34,498,109
Milk Powder	157,125,000	897,000
	2,158,666,344	**103,437,269**

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Maize & Soya - As per the multiple party agreement signed by the officials of Ministry of Health, Project Management Unit of Ministry of Finance, United Nations World Food Program (WFP) and Sri Lanka Thriposha Ltd (SLTL) , WFP has agreed to give financial support for National Thriposha Program. According to the Standard Operating Procedure (SOP), WFP has agreed to supply several Maize and Soya donations to support the National Nutrition Program due to the lack of quality Raw Materials needed for the production of thriposha. Detailed information are attached below.

Milk Powder - As per the multiple party agreement signed by the officials of Ministry of Health, South Asia Gateway Terminals (SAGT) Private Ltd and Sri Lanka Thriposha Ltd, SAGT has agreed to give 75 Mts which was valued at LKR. 2,095/- per 1Kg.

SLTL has balanced stock of 1,255,475 kgs and 1,362,115 kgs of Maize and Soya respectively which had not been consumed as at 31/12/2023. Therefore, this was treated as deferred income in the financial position.

	Rate per 1KG	Quantity Granted / Received (KG)	Value of the Grant (LKR)
Maize	255.00	1,095,206	279,277,530
Soya Beans	397.00	299,833	119,033,701
Soya Beans	445.00	300,000	133,500,000
Milk Powder	2,095.00	75,000	157,125,000
Maize	194.00	1,964,550	381,122,700
Soya Beans (506 MTs)	243.98	509,464	124,299,027
Maize	182.50	2,000,000	365,000,000
Maize	192.00	1,380,850	265,123,200
Soya Beans (Except SCL/Storing Cost) (1305 MTs)	230.55	1,307,496	301,449,186
Soya Beans	330.00	99,200	32,736,000
			2,158,666,344

	31/12/2023 Rs.	31/12/2022 Rs.
12 DIRECT LABOUR AND MANAGEMENT COST		
Salary	76,938,425	79,550,397
EPF	14,303,040	14,843,146
ETF	2,857,864	2,968,629
Overtime	60,188,469	25,234,482
Allowance	31,902,459	33,015,390
Gratuity	4,647,286	3,716,378
Terminal Payment	491,591	88,072
Uniforms & Laundry	10,823,970	5,703,003
Tea & Others	10,628,418	6,027,281
Shift & Meals Allowance	3,483,890	1,152,463
Medical & Sanitary	1,984,930	1,044,664
Casual & Contract Salary	2,685,842	2,507,212
EPF on Casual & Contract Salary	545,451	474,553
ETF on Casual & Contract Salary	106,515	100,714
Welfare Expenses	1,402,012	70,738
Incentive	15,390,731	15,676,787
	238,380,892	**192,173,910**

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	31/12/2023 Rs.	31/12/2022 Rs.
13 FACTORY OVERHEAD COST		
Fuel for Generater & Boiler	113,642,807	30,911,643
Plant & Machinery Maintainance	40,997,630	3,557,847
Lab Expenses	22,136,811	5,317,504
Electricity	78,394,472	21,839,712
Building Repair & Maintenance	6,040,372	848,622
Other Services & Maintenance	15,311,715	4,483,741
Garden Maintainance	249,266	108,020
Rent Expenses	6,754,289	-
Depreciation	80,451,242	55,255,191
	363,978,602	**122,322,279**

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SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2023

14. PROPERTY, PLANT AND EQUIPMENT

Cost/ Revaluation	Balance as at 01/01/2023	Adjustment-2023	Additions-2023	Balance as at 31/12/2023
Land	430,000,000	-	-	430,000,000
Building	174,309,676	424,817	-	174,734,493
Plant and Machinery	597,111,725	-	36,312,862	633,424,587
Motor Vehicles	37,372,000	-	-	37,372,000
Tools & Equipment	12,660,886	-	1,276,459	13,937,345
Laboratory Equipment	10,189,130	-	38,553,947	48,743,077
Electrical Works	4,660,000	-	-	4,660,000
Office Equipment	9,131,746	-	1,220,295	10,352,041
Furniture and Fittings	12,293,020	-	9,176,822	21,469,842
Intangible Asset	-	-	612,925	612,925
Computer and Other Hardware	9,134,011	-	488,450	9,622,461
	1,296,862,195	**424,817**	**87,641,760**	**1,384,928,772**

Accumulated Depreciation	Balance as at 01/01/2023	Adjustment-2023	Charge for the Year-2023	Balance as at 31/12/2023
Building	23,332,500		8,736,725	32,069,225
Plant and Machinery	122,043,977		60,896,302	182,940,278
Motor Vehicles	22,611,067		7,474,400	30,085,467
Tools & Equipment	4,843,192		2,680,018	7,523,210
Laboratory Equipment	2,861,362		3,806,197	6,667,559
Electrical Works	2,796,000		932,000	3,728,000
Office Equipment	2,782,274		962,204	3,744,478
Furniture and Fittings	3,024,997		1,539,369	4,564,366
Intangible Asset	-		25,539	25,539
Computer and Other Hardware	6,768,186		1,995,978	8,764,164
	191,063,555	**-**	**89,048,731**	**280,112,286**

Written Down Value	Balance as at 01/01/2023 Rs.	Balance as at 31/12/2023 Rs.
Land	430,000,000	430,000,000.00
Building	150,977,176	142,665,268
Plant and Machinery	475,067,748	450,484,309
Motor Vehicles	14,760,933	7,286,533
Tools & Equipment	7,817,695	6,414,135
Laboratory Equipment	7,327,768	42,075,518
Electrical Works	1,864,000	932,000
Office Equipment	6,349,472	6,607,563
Furniture and Fittings	9,268,023	16,905,476
Intangible Asset	-	587,386
Computer and Other Hardware	2,365,825	858,297
	1,105,798,640	**1,104,816,486**

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2023

	31/12/2023 Rs.	31/12/2022 Rs.
15 Receivable Employee Loans		
Housing Loan - Welfare	29,587,581	-
Housing Loan - Distress	20,155,739	-
	49,743,321	-
16 INVENTORIES		
Raw Matarials		
Maize	337,781,847	118,245,268
Soya	351,282,773	46,391,386
Milk Powder	47,432,400	5,862,129
Mineral	7,196,875	10,354,700
Vitamins	7,485,000	13,481,872
	751,178,894	**194,335,355**
Thriposha Packing Materials		
Polythene Reel	5,699,280	40,524,365
Kraft Paper Bags	7,909,650	11,426,400
Twine	543,119	275,057
	14,152,049	**52,225,822**
Suposha Packing Materials		
Polythene Reel	17,544,037	26,680,520
Corrugated Boxes	4,075,550	10,244,218
Grey Back Boxes	1,380,975	1,406,776
Gum Tape	448,465	889,888
	23,449,027	**39,221,401**
Other		
Engineering Stores	59,774,535	62,804,094
Diesel	4,056,570	11,811,240
	63,831,105	**74,615,334**
Work In Progress		
Raw Matarials		
Maize	9,600,000	13,260,000
Soya	4,003,962	11,932,630
Milk Powder	-	3,153,677
Mineral	122,500	815,580
Vitamins	547,453	470,421
Thriposha Packing Materials		
Polythene Reel	229,330	2,741,370
Kraft Paper Bags	272,025	1,738,800
Twine	4,719	8,315
Suposha Packing Materials		
Polythene Reel	313,171	1,614,340
Corrugated Boxes	68,730	394,478
	15,161,890	**36,129,610**
Finished Goods-Thriposha	68,227,232	2,354,210
Finished Goods-Thriposha (Impairment Adjusted) 16.1	-	38,458,591
	68,227,232	**40,812,800**
Finished Goods-Suposha (Impairment Adjusted) 16.2	-	8,127,086
Marketing Section		
Finished Goods- Suposha	14,939,539	11,982,394
Finished Goods - Calarie Bar	74,747	-
Working Progress	756,923	-
Outlet Stock	502,628	1,208,043
	16,273,836	**13,190,437**
Total	**952,274,033**	**458,657,846**

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	31/12/2023 Rs.	31/12/2022 Rs.
16.1 Finished Goods-Thriposha (Impairment Adjusted)		
Cost of the Finish Goods	-	104,198,254
Value deduction due to impairment	-	(65,739,664)
	-	**38,458,591**

	31/12/2023 Rs.	31/12/2022 Rs.
16.2 Finished Goods-Suposha (Impairment Adjusted)		
Cost of the Finish Goods	-	13,620,492
Value deduction due to impairment	-	(5,493,406)
	-	**8,127,086**

	31/12/2023 Rs.	31/12/2022 Rs.
17 TRADE AND OTHER RECEIVABLES		
Debtors	204,065,974	37,890,778
Debtors - Marketing	48,493,608	53,602,756
Advance and Prepayments	5,461,074	3,669,157
Income Tax Receivable	800,000	600,000
Insurance Receivable	864,637	573,116
Deposits	2,126,000	2,126,000
Housing Loan - Assets	13,914,566	47,861,966
Housing Loan - Distress	9,252,332	33,419,201
Temporary Concess Loan	36,720	157,313
Special Distress Loan - New	35,658	-
Covid - 19 Special Loan	-	3,214
Special Concessionary Loan- SLTL Welfare	2,694,019	2,474,393
Festival Advance	39,500	165,711
Picnic Advance	2,200	2,200
VAT Recoverable	53,782,252	-
Interest Income Receivable	5,649,373	-
	347,217,913	**182,545,806**

Income Tax Receivable

This balance represented the previous advance income tax payments during the year 2022 which was resulted a loss making year. The department of Inland revenue is under going an audit to credit the above payment to the Sri Lanka Thriposha Ltd in due course.

VAT Recoverable

As per the new VAT guidelines all the finish products which are manufactured by Sri Lanka Thriposha Ltd (SLTL) are liable for VAT with effect from 01/01/2024 since SLTL can claim input VAT for the tax invoices which are related to 4th Quarter of 2023. The above adjustment has been made after the discussion had with the tax offcials/IRD.

	31/12/2023 Rs.	31/12/2022 Rs.
18 CASH AND CASH EQUIVALENTS		
BOC-Ja Ela - 71324617/ 91400366	258,291,873	76,633,346
BOC Ja-Ela - 80306903/ 91400437	281,410,988	52,111,523
Petty Cash	20,000	-
Investment in Trasury Bill 18.1	92,500,000	93,776,635
Investment in Fixed Depsits 18.2	236,130,348	291,252,335
	868,353,209	**513,773,838**

Fund Management Accounts (91400366 and 91400437)

Sri Lanka Thriposha Ltd was opened Fund Management Accounts in August 2023 considering the excess funds invested at the current accounts after getting the approval from Board of Directors

18.1 Investment on Treasury Bill-Repurchase Agreements

CDS Account	Carrying Amount as at 31/12/2023	Carrying Amount as at 31/12/2022
RET-Y107471000 - 01	71,500,000	71,596,250
RET-Y107471000 - 02	21,000,000	22,180,385
	92,500,000	**93,776,635**

18.2 Investment on Fixed Deposits

Account Number	Carrying Amount as at 31/12/2023	Carrying Amount as at 31/12/2022
89182568	-	208,464,038
90205288	28,387,387	-
90205292	28,387,387	-
90205295	28,387,387	-
90205303	28,387,387	-
90205412	28,387,387	-
83258807	8,546,313	7,494,928
82420963	6,728,032	5,884,468
81508819	25,762,497	22,496,945
81048092	6,993,549	6,143,391
80940675	17,689,864	15,560,588
80871912	19,321,454	17,216,307
80586829	9,151,703	7,991,669
	236,130,348	**291,252,335**

* Above deposits are invested in the Bank of Ceylon

19 STATED CAPITAL

Share Capital	304,600,000	304,600,000
	304,600,000	**304,600,000**

As a consequence of decision made by Cabinet of Ministers, Management of the Thriposha Program has been vested on fully own Government Limited Liability Company incorporated under the companies Act No.07 of 2007. Accordingly Sri Lanka Thriposha Limited was incorporated on 17th September 2010 with the Stated Capital of Rs.304,600,000/= (Three hundred four Million and six hundred thousand rupees)

20 CAPITAL RESERVES

Balance as at beginning of the year	407,750,516	407,750,516
Balance as at end of the year	**407,750,516**	**407,750,516**

21 REVALUVATION RESERVES

Balance as at beginning of the year	518,157,038	511,096,168
Revaluation Adjustment	-	7,060,870
Balance as at end of the year	**518,157,038**	**518,157,038**

22 RETIREMENT BENEFIT OBLIGATION

Balance as at beginning of the year	79,162,809	78,690,831
Less: Payments during the year	(5,561,625)	(3,244,400)
Provision for the year - 2023	4,647,286	3,716,378
Balance as at end of the year	**78,248,470**	**79,162,809**
Current Portion of Gratuity	(5,306,061)	-
	72,942,409	**79,162,809**

Discounted Rate	8%	8%
Future Salary Increment Rate	10%	10%
Staff Ture Over	2%	2%
Retirement Age	60 Year	60 Year

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	31/12/2023 Rs.	31/12/2022 Rs.
23 MEDICAL FUND		
Balance as at beginning of the year	435,786	433,945
Contributions During the year	208,740	221,340
Payment During the year	(330,300)	(219,499)
Balance as at end of the year	**314,226**	**435,786**
24 DEFERRED INCOME		
Revenue Grant - WFP	552,426,677	102,540,269
	552,426,677	**102,540,269**
25 TRADE AND OTHER PAYABLES		
Creditors	116,596,939	209,866,983
Salary Control Account	465,348	2,559,599
Current Portion of Gratuity	5,306,061	-
VAT Payable	180,620	-
Dividend Payable	-	10,000,000
Income Tax Payable	231,818,213	-
SSCL Payable	6,586,059	2,753,338
Deposit Payable	56,599,988	52,848,238
	417,553,229	**278,028,157**
26 PRIOR ADJUSTMENT		
Deposit Payable	25,000	-
Fixed Deposit	17,313,010	-
Engineering Stock	-	3,398,232
Capital Expenditure	(424,817)	253,832
Recurrent Expenditure	(698,360)	4,491,219
Under Valuation of the Thriposha Finish Goods	11,495,995	9,276,326
Value Deduction due to Impairment - Suposha	4,639,427	-
Depreciation adjustment	-	259,022
Stamp Duty	-	100
	32,350,255.01	**17,678,732**

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27 DEPRECIATION RELATED TO CAPITAL GRANTS

Depreciation in respect of the fixed assets granted by the Ministry of Health have been charged to the relevent Capital Grant account while setting off same against the total depreciation charge for the year. There is no adjustment related to the capital grant during the year 2023.

28 COMMITMENT AND CONTINGENCIES

There are no significant commitment or contingencies as at the reporting date.

29 RELATED PARTED DISCLOSURES

Transaction with key management personnel

The key management personnel of the company are the members of its Board of Directors and observers. Sitting allowances and Transport allowances are paid respectively Rs. 622,500 and Rs.103,500 for the Board of Directors and members of Audit and management committee during the year - 2023

30 FINANCIAL RISK MANAGEMENT

The companies's activities are exposed it to a variety of financial risks such as,

(a) Market risk(including Market Risk and Foreign exchange risk)

(i) Foreign Exchange risk

The company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of Sri Lankan Rupee (LKR) against the US Dollar (USD).company's functional currency is the Sri Lankan Rupee (LKR) in which most of the transactions are denominated and all other currencies are considered foreign currencies for reporting purposes.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company manage its interest rate risk by monitoring and managing cash flows, negotiating favorable rates on borrowings.

(b) Credit Risk

The company extends credit facilities to customers during the course of business.therefore,non-payment of trade debts is a key risk associated with trade receivables.

Credit Risk exposure

The maximum risk exposure of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

	31/12/2023 Rs.	31/12/2022 Rs.
Trade and other Receivables	347,217,913	182,545,806
Cash and cash Equivalents	868,353,209	513,773,838
Total credit risk exposure	**1,215,571,122**	**696,319,644**

(c) Liquidity Risk

This is the risk that the company will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

29

31 OTHER RELATED DISCLOUSURES

31.1 Types of Stock Levels of Inventory related to Sri Lanka Thriposha Ltd

Basic Assumptions

Selected RM - Maize

Procurement Limit for one time - LKR.500 Mn (Authority From MPC)

Estimated Price per Kg - LKR.250/=

Current RM Storage Capacity (Total 1,250 MT for Maize & Soya)	Maize	900,000 KG

Maximum Consumption (KG)	90,000	per day
Minimum Consumption (KG)	50,000	per day
Average/Normal Consumption (KG)	70,000	per day
Reorder Period (Days)	30-60	
Normal Reorder Period (Days)	30	
Reorder Quantity (KG)	2,000,000	
Reordering times per Year	9	
Total Requirement for the Year (KG)	18,000,000	

Reordering Level = Maximum Consumption x Maximum Reorder period

5,400,000 KG

Minimum Stock Level = Reordering Level – (Normal Consumption x Nominal Reordering Period)

3,300,000 KG

Maximum Stock Level = Reordering Level + Reorder Quantity – (Minimum Consumption x Reorder period)

5,900,000 KG

Note : The company couldn't practice above stock levels due to a lack of RM storage capacity at present.

31.2 Sweeping material stock balances as at 31/12/2023

Sweeping Balance as at 31/12/2023	Qty	Estimated Selling Price	Estimated Amount
Sweeping Powder (Kg)	966	93.20	90,031
CSB Dry (Kg)	2,666	62.00	165,292
Soya Hulls G-1 (Kg)	1,972	58.00	114,376
Maize Hulls (Kg)	935	28.00	26,180
Used Poly Bags (No)	35,000	19.75	691,250
	Total		**1,087,129**

The above amount is not taken for the year ended stocks valuation as these stocks may issue as

a under value materials. Therefore SLTL is identifying the actual value at the time of selling.

31.3 Dividends payment during the year 2023

	Rs.
Interim dividends paid for the financial years 2021/ 2022/ 2023	65,000,000
	65,000,000

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My No. : MED/B/SLTL/01/2023/41 **Date :** 24th of July 2024

Chairman,
Sri Lanka Thriposha Limited.

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Thriposha Limited for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. Financial Statements

1.1 Opinion

The audit of the financial statements of Sri Lanka Thriposha Ltd. for the year ended 31 December 2023 comprising the statement of financial position as of 31 December 2023, statement of profit or loss, statement of changes in equity and cash flow statement together with notes to the financial statements for the year then ended and a summary of significant accounting policies, was carried out under my direction in pursuance of the provisions in the National Audit Act, No. 19 of 2018, read in conjunction with the Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. My report will be tabled in Parliament in due course in terms of Article 154 (6) of the Constitution.

I am of the opinion that the financial statements give a true and fair view of the Company's financial position as of 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information contained in the 2022 Annual Report of the Company

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The other information means the financial statements included in the 2023 Annual Report of the Company that is expected to be made available to me after the date of this audit, but not included in the financial statements and in my audit report in that respect. The management is responsible for such other information.

My opinion on the financial statements does not cover the other information and I, in any manner whatsoever, do not give any assurance or make any opinion on them.

My responsibility in the audit of the financial statements is to read the other information identified above when they are made available to me and to consider if such other information is materially inconsistent with the financial statements or according to the knowledge I gained during the course of the audit or otherwise.

When reading the 2023 Annual Report of the Company, if I conclude that there are material misrepresentations, such matters should be communicated to the governing parties for correction. If there exist further uncorrected misrepresentations, they will be included in the report that will be tabled in Parliament in due course by me in terms of Article 154 (6) of the Constitution.

1.4 Responsibilities of the management and those parties charged with governance for the Financial Statements

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The management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Sri Lanka Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to the Company's going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those parties charged with governance are responsible for overseeing the financial reporting process of the Company.

As per sub-section 16 (1) of the National Audit Act, No.19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable it to prepare its annual and periodic financial statements.

1.5 Auditor's Responsibility for the Audit of the Financial Statements

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My objective is to provide a reasonable assurance that the financial statements as a whole are free from material misstatements, whether due to fraud or errors and to issue the relevant audit report that includes my opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the Sri Lanka Auditing Standards will always detect material misstatements. Due to individual or collective influence, material misstatements are likely to result in and the substantiality of it may depend on the impact of the economic decisions made by the users, based on these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintained professional skepticism throughout the audit. And, I further,

- Designed and implemented audit procedures that are appropriate in the circumstances in identifying and assessing the risks of material misstatements that could result in the financial statements due to frauds and errors, in setting up a basis for the audit opinion that was expressed. The risk of not detecting a material misstatement resulting from fraud is more severe than that caused by reasons such as material misstatements resulting from erroneous recording and collusion, preparation of forged documents, intentional omissions or the override of internal controls.

- Acquired an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluated the appropriateness of the accounting policies used, the reasonableness of the accounting estimates and the related disclosures made by the management.

- Concluded on the relevance of applying the going concern basis of the entity's sustainability for accounting purposes based on the audit evidence acquired as to whether there exists a material uncertainty on the sustainability of the Company due to events or conditions. 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 and if such disclosures are inadequate, my opinion has to be modified. However, future events or conditions may cause the Company to cease to continue its existence as a going concern.
- 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 keep those parties charged with the governance informed of the significant audit findings, major internal control deficiencies and other related matters identified by me during the course of my audit.

2. Report on other legal and regulatory requirements

2.1 Special provisions with regard to requirements stated below are embodied in the National Audit Act, No. 19 of 2018 and the Companies Act, No. 07 of 2007.

2.1.1 I have obtained all the information and explanations required for the audit and, the Company, as far as apparent from my examination, had kept proper accounting records as per the requirement of section 163 (1) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements of the Company are consistent with the requirements specified in section 151 of the Companies Act, No. 7 of 2007.

2.1.3 The financial statements of the Company as per the requirement specified in section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018 correspond with the preceding year.

2.2 Based on the measures adopted and the evidence that was obtained and within the limitation confined to material considerations, nothing met with my attention to make the following statements.

2.2.1 That any member of the governing body of the Company has any direct interest or otherwise in any contract entered into by the Company which is outside the normal cause of business as per the requirement specified in section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 That the Company has acted in a manner inconsistent with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement specified in section 12 (f) of the National Audit Act, No. 19 of 2018, except for the observations given below.

Reference to Laws, Rules and Regulations		Non-compliance
(a)	Section 10.1 of Chapter viii and Sections 7.2 and 7.3 of Chapter xii of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	Even though a staff officer who is required to work on a Saturday, Sunday or a public holiday to attend to urgent duties should serve over a period not less than 08 hours per day to receive a sum equivalent to one-twentieth (1/20) of the consolidated monthly salary for each such day at work, all officers in receipt of this allowance had, without being in the engagement of service for an eight-hour duration per day, obtained a holiday pay allowance amounting to Rs. 1,615,088 during the year under review. Some of the officers, even if they had not reported to work on the relevant holiday according to the data retrieved from the fingerprint machine, had availed of this allowance on account of those days as well. Furthermore, the Company, even though only one allowance / privilege should be made applicable to a single spell of such duty, had granted a day of lieu leave or an allowance instead of a day of lieu leave for each of these holidays, in addition to this particular allowance and a sum amounting to Rs. 477,019 had thereby been paid for that purpose.
(b)	Guidelines on Corporate Governance and Operational Manual for State-Owned Enterprises issued by the Department of Public Enterprises on 16 November 2021	
	(i) Paragraph ii of the Guidelines	Even though the meetings of the Board of Directors should be held once a month at least, action had been taken to hold only 10 meetings of the Board of Directors during the year 2023 despite being required to hold such meetings by the use of technology when it is impossible to conduct them physically.

	(ii) Paragraph 4.2 (h) of the Guidelines	Even though the meetings of the Audit and Management Committee should be held once in three months, only 3 meetings have been conducted for the year 2023 by Sri Lanka Thriposha Ltd.
	(iii) Paragraph 3.2 (v) of the Operational Manual	Even though the approval of the Director General of the Department of Public Enterprises should be obtained in the payment of incentive allowances, a payment of an incentive allowance amounting to Rs. 12,687,147 had been made to all employees of the Company during the year under review as a targeted allowance from Suposha sales without getting such an approval.
	(iv) Paragraph 3.3 of the Operational Manual	Even though a strategic human resource plan with the incorporation of the cadre requirement of each division and the respective organization chart, the Company had not acted accordingly.
	(v) Paragraph 3.6 of the Operational Manual	Even though the Company should introduce an effective performance evaluation system based on the strategic plan and the action plan with the productivity of each employee being subject to the evaluation by the respective immediate officer, a sample audit check revealed that there was no effective performance evaluation made on the tertiary level and senior level officers.
(c)	Public Administration Circular No. 30/ 2008 dared 31 December 2008	Even though this circular cannot be made applicable to the employees of the Company, the employees of the Company had been paid Rs. 5,339,402 as distress loans during the year under review in terms of this circular.
(d)	Paragraph ii of the Management Services Circular No. 03/2018 dated 18 July 2018	The authority to decide on salaries and allowances has not been given to the Board of Directors and, although the prior approval of the Department of Treasury Operations has to be obtained for all allowances made as additional payments, the Company, without the approval of the Department of Treasury Operations, had paid an extra allowance of Rs. 10,000 from the Suposha account under approval of the Board of Directors to the Marketing Manager recruited for the production of Suposha that was introduced in the year 2017 and, a sum totaling Rs. 120,000 had been incurred thereon during the year under review.

(e)	Management and Audit Department Circular No. DMA /I – 2019 of 12 January 2019 and the Financial Regulations 133 & 134	Copies relating to the internal audits carried out during the year under review had not been submitted to the Auditor General.
(f)	Management Services Circular No. 30 of DMS / E4 / 13 / 08 /413 / 1 dated 28 March 2013	Even though it was stated that the efficiency bar examinations should be passed and proficiency in the second official language at the respective level at the appropriate time should be acquired for confirmation in appointments and promotion between the grades (from Grade III to Grade II and from Grade II to Grade I) in accordance with the schemes of recruitment approved for the Company, the entity had not taken action in regard to efficiency bar examinations and proficiency in the second official language for all employees right from the year of approval. As such, the confirmation of appointments and promotions had been carried out without meeting the aforesaid prerequisite conditions.
(g)	Public Enterprises Circular No.02/2022 of 18 January 2022	A monthly telephone allowance of Rs. 1,000 had been paid to officers in the tertiary level (JM 1-1) from 14 March 2019 and Rs. 1,000 each to 7 other officers serving in the positions of MA 1-1 and MA 2-1 of the Company from 15 July 2019, all of whom are not entitled to such telephone allowance, on the reimbursement basis with the approval of the Board of Directors during the year under review.
(h)	Public Enterprises Circular No. 01/2015 (ii) of 14 January 2022	A sum totaling Rs. 1,200,000 had been paid during the year under review by the Company as transport allowance to 05 officers of the MM salary point, each receiving a sum of Rs. 20,000 per month, even though the fuel allowance can be allowed only to officers in the salary category of HM.
(i)	Circular No. 2016 / 02 / (I) of 21 October 2016 issued by the Department of Management Services	Salary increments had been granted under the service category of HM 1-2 for two officers at the senior level of the service category of HM 1-1 from the year 2020 without approval.

2.2.3 That the resources of the Company had not been procured and utilized economically, efficiently and effectively within the timeframes and in compliance with the applicable laws in terms of the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

(a) A sum totaling Rs. 192, 091,525 had been granted during the year 2021 by the World Food Program (WFP) for the construction of the proposed silo system and the said sum had been invested in a fixed deposit account. The maturity amount thereof to the value of Rs. 207,815,400 as of 02 January 2023 had been cashed out on 20 January and, a sum amounting to Rs. 125,000,000 had been reinvested on 27 January 2023. However, it was revealed at the audit that these funds had been disbursed for other purposes without seeing to the realization of the objective for which they were made available. Moreover, this amount of money had not fetched any interest over a period of 18 days and another 07 days had been spent for reinvesting it.

2.3 Other Matters

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a) The Company had distributed administration expenditure including the raw material cost of Rs. 3,555.6 million, the direct cost of Rs. 602.3 million and the salaries of Rs. 50.7 million on the percentage (80 percent & 20 percent) of the Thriposha and Suposha production and, due to the distribution of sales and distribution expenditure at a ratio of 49 and 51 between Thriposha and Suposha production, administration expenditure at a ratio of 92 and 8 percent and the financial expenditure at a ratio of 65 and 35 percent in an unacceptable method, the system that had been adopted for computing the Triphosha production cost did not establish the correctness of the Thriposha production cost at the computation concerned.

b) Even though it had been identified that a sum amounting to Rs, 11.701,601 was required to be paid to the Ministry of Health for the returns of Thriposha, action had not been taken to pay the relevant amount of money even during the year under review.

c) According to the memorandum of association of the Company, it is required to take necessary measures to provide facilities for the supplementary food products empowered by Sri Lanka and assess and supply the annual requirement of Thriposha with a view to minimizing maternal and infant malnutrition in Sri Lanka. Even though an annual production plan for the yearly manufacture of Thriposha was drawn out based on the data provided by the Family Health Bureau towards fulfilling this need, it had not been submitted to the Board of Directors for approval and to have it approved. However, despite the plans being drawn out to supply Thriposha for the sake of 795,036 annual beneficiaries in keeping with the production plan so prepared for such production work to take place during 282 days exclusive of days for the maintenance and holidays, the number of actual days in engagement of work was 211. Accordingly, the number of months during which the production work in relation to the monthly Thriposha requirement was undertaken enumerated only to 03 months. Likewise, as there was no indication of the quantity of raw material needed for the production of Suposha and Calorie Biscuits as per the production plan prepared by the Company, it was not possible to identify the quantity of raw material required for such production needs. As such, the envisaged objectives of the Company had not been realized by the utilization of the estimated raw material meant for the requirement of Thriposha into the production of Suposhs and Calorie Biscuits.

d) The total quantity of the finished goods manufactured by the Company during the year 2023 was 9,163,067 Kg, out of which 80 percent, or 7,341,728 Kg. had only been utilized for Thriposha production and the remaining 20 percent of the stock, or 1,821,339 Kg. had been put into the production of Suposha. It was revealed that a quantum of 20 percent of the manufacture of Suposha out of the overall production only when the accomplishment of the Thrposha production target which was the core function the Company was assigned with by the Ministry of Health, at a level such as 62 percent was not in compliance with the primary objective of the establishment of the institution.

e) It was revealed that the Company was more inclined towards producing Suposha rather than producing Thriposha which is the main objective of establishing the Company and that this situation was mainly attributable to the fact that the Company had gone on to pay a target allowance of 5 to 10 percent of the sales income of Suposha products. Likewise, there was no proper approval or method for such target allowances.

f) The utilizable quantum of the production of maize, soya, milk powder, vitamins and minerals being the formulated raw materials that are required for the manufacture of Thriposha in order to meet its annual requirement was 8,927 Mt., 3,862 Mt., 304 Mt., 09 Mt. and 90 Mt. respectively whereas the quantity issued in actual terms for the production during the year was 7,179 Mt., 2,432 Mt., 284 Mt., 08 Mt. and 84 Mt. respectively. Despite receiving sufficient quantity accordingly to meet the annual requirement of Thriposha from the grants and donations and through purchases, action had not been taken to meet that need and it was revealed that the utilization of this raw material content for the manufacture of 1,822 Mt. of Suposha had led to this circumstance.

g) According to the memorandum of association of the Company, the composition of the Board of Directors of the Company is required to constitute 07 members and it was observed that the Board had been appointed to represent the respective subject areas. However, the Director General of Health Services, though appointed to represent the Ministry of Health, had not participated in 08 such board meetings out of the 12 meetings held during the year 2022 and it was also revealed that he had not taken part in any one of the 12 board meetings held during the year 2023.

h) An incentive allowance amounting to Rs. 15,390,730 had been paid to employees of the Company during the year under review based on the deposit interest income and the income from the sale of sweepings on approval by the Board of Directors and, the wastes in the process of the production of Thriposha are thus sold as sweepings. Even though the amounts of money so received are required to be credited to the Ministry of Health, such monies had been utilized for the payment of this incentive allowance. Moreover, a proper methodology had not been devised with regard to the payment of these incentive allowances. Although this incentive allowance had been defined as an allowance based on attendance and performance, only the aspect of attendance had been taken into account in that regard and no regular method to evaluate the factor of the performance had been drawn out. Furthermore, the validity of these payments that are made based on the attendance of the employees was questionable as the existing Company rules and regulations governing attendance and departure had not been adhered to in the case of the Company's officers at the senior level.

i) Two salary increments each had been paid during the year under review on the approval of the Chairman of the Company to 162 employees as a motivation to those who availed of approved / unapproved no-pay leave. As such, a sum of Rs. 67,690 had been overpaid as salary increments per month. Two salary increments each had thus been awarded following this precedent in the payment of the salary increments in the year 2024 as well.

j) Even though the scheme of recruitment had been prepared in terms of the Management Services Circular No. 30 for all posts approved on 02 December 2010 with respect to the Company in pursuance of letter No. DMS/E4/13/08/413/I dated 28 March 2013 issued by the Department of Management Services following the recommendation of the National Salaries and Cadre Commission, schemes of recruitment for three new posts had not been prepared, nor had the approval for them obtained. Furthermore, it was revealed that certain recruitments had also been made without an approved scheme of recruitment in place.

k) Even though the approved number of officers in the post of Management Assistant (Non-Technical) under the secondary level was 16, there were 08 vacancies in that post with the actual existing cadre being 08. Likewise, the post of Finance Officer which is a tertiary-level position has also been rendered vacant as from 01 August 2021. Action had not been taken either to fill these vacancies or repeal the posts if not necessary anymore.

l) Even though the Company had prepared the code of administrative rules and obtained the approval of the Board of Directors for it in the year 2016, the approval of the Department of Public Enterprises had not been received for it. However, it was revealed that the Company was in the act of adopting some of the rules that stood unapproved.

m) Even though a survey on vehicles and their equipment should be undertaken, no such survey on the vehicles owned by the Company had been carried out and the relevant survey report concerning presented to the audit.

Sgd. / W.P.C. Wickremarathna
Auditor General

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THRIPOSHA
திரிபோஷ

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