Annual Report - 2020

Sri Lanka Ayurvedic Drugs Corporation

Vision

To become a pioneering service-oriented institution in satisfying national and international requirements of medicine with high standards by preserving identity of indigenous medicine over a healthy community.

Mission

Performing a leading role for a healthy society by ensuring wellbeing of the worker and social welfare while satisfying the requirements of the people through importation, distribution, research, supply of services and preservation of Ayurvedic medicinal products.

Message of the Chairperson

The Corporation has made profits over the past few years, overcoming many obstacles and improving production quantitatively and qualitatively over the past 51 years. In recent years, the organization has been able to provide for its recurrent expenditure within the institution itself without incurring any expenditure on the General Treasury.

The Covid-19 epidemic that has been raging since the end of 2019 has had a devastating effect on the country's production as well as production of the Ayurvedic Drugs Corporation. As a result, there was a shortage of raw materials such as dried ginger, turmeric, wild eggplant, snap ginger etc., which were in short supply due to limitations of raw materials required for production purposes and continuous travel restrictions that had been in place for several months since the beginning of the year and we had to bear a high cost of production purposes also due to the exorbitant price of available stocks coupled with above said restrictions.

In line with the prevailing situation in the country and the vision statement Vistas of Prosperity and Splendor of H.E. the President, we took action to collect drugs using social media networks and further expand the Corporation's herbal cultivation in order to prioritize localism and obtain local ingredients locally. We were also able to deliver a higher quality product to the public by making arrangements to prepare dried ginger, which is a key ingredient.

Even despite the Covid-19 epidemic, we maintained production to a maximum except for a few days and at the same time increased sales. I consider that we were lucky enough to be able to introduce the products of immunization drink, *Kawalagraha*, the herbal mouth wash, Covid-19 vapourized inhaler, Venivel Hand Wash, Etholomarika Hand Sanitizing Gel upon recommendations of the National Committee on Traditional Medicine to Prevent Corona Disaster appointed by the Hon. Minister of Health and to reach a record production and sales target. On the first day itself of the launch of Ethokomarika Hand Sanitizing Gel, the company sold 350 5L packs to one of the island's leading commercial banks for Rs.1.75 million.

Subsequently, in August 2020, under the guidance of the Hon. State Minister of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health, the 'Suwa Dharani' immunization drink was issued to the market with a view to promoting immunity of people.

Steps have been taken to reduce the high cost for bottles by re-initiation of programme of reusing used bottles by washing and cleaning them which had been halted for some time.

Establishment matters could be made more efficient and effective by improved mutual cooperation with the State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health and parallel institutions.

My sincere thanks also go to the staff of the Corporation including the Hon. Minister of Health, the State Minister, the Secretary and the Managing Director, the Board of Directors and the General Manager who assisted me in my efforts in 2020 to achieve a profit of 10 times the profit of 2019 without any loss despite many obstacles.

Sagala Abhayawickrama (Attorney-at-Law)
Chairperson
Ayurvedic Drugs Corporation of Sri Lanka

Directors

Mrs. Sagala Abhayawickrama (Attorney-at-Law)
Mrs. Sagala Abhayawickrama has been the Chairperson of Sri Lanka Ayurvedic Drugs Corporation since 27.12.2019 and is the first female Chairperson of the Corporation in its 50 year history. After graduating from the Sri Lanka Law College, she has over 17 years of experience as a professional lawyer. She has also been a Legal Officer at DFCC Bank and has been the Assistant Secretary and Executive Member of the Sri Lanka Women's Bar Association.

Mr. Shantha Liyanage
Mr. Shantha Liyanage works as the Managing Director of Sri Lanka Ayurvedic Drugs Corporation from 17.01.2020. He holds a Diploma in Rural Banking from the Cooperative Management Training Institute and has participated in courses at a number of institutions including the Central Bank of Sri Lanka. During his service period of more than 23 years in the financial sector, he has served as Assistant Manager / District Project Manager at Seeds Guarantee LTD, and as Regional Manager and Senior Manager at Sarvodaya Development Finance. He is currently a member of the Board of Directors of the Sabaragamuwa Provincial Industrial Development Authority.

Mrs. H. W. M. Pushpalatha Menike
Mrs. Pushpalatha Menike joined the Teachers' Service in 1991 and joined the Public Administrative Service in 1998 as an Assistant Divisional Secretary. She holds a Bachelor's degree in Management from the University of Sri Jayewardenepura, a Master's Degree in Sociology from the University of Kelaniya and a Postgraduate Diploma in Management from the University of Peradeniya. During her 29 years of public service she has served in many Government Institutions including Divisional Secretariats and Departments. She is currently working as an Additional Secretary (Special Grade) in the State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health.

Mr. M. H. Mohamed Sameel
Mr. Sameel has 21 years of experience in the public service and holds a Bachelor of Arts degree from the University of Peradeniya and a Postgraduate degree in Human Resource Development and Design from Gurugopin Indraprasad University, New Delhi, India. Mr. Sameel has served in various capacities in government institutions including the Department of Registration of Persons, Education Services Committee, Public Service Commission, Department of Pensions, Ministry of Social Services, Department of Muslim Religious and Cultural Affairs and has served as the Additional Director General of the Project Management and Supervision Department of the Treasury.

Mr. Bandulasena Dias Dahanayake
After assuming duties as an Assistant Government Agent in 1980, he served in several Ministries and Departments and retired in 2012 as the Secretary to the Ministry of Indigenous Medicine. He holds a Bachelor's Degree in Arts from the University of Peradeniya and a Postgraduate Degree in Public Administration from the University of Sri Jayewardenepura. He also holds a Postgraduate Diploma in Devolution and Local Government from the University of Colombo.

Mr. Pradeep A. Peiris
He holds a Master's Degree in Business Administration from Asia e University - Malaysia and is pursuing a PhD. Has received 31 years of experience in freight, shipping and storage. He is the Group Director / General Manager of the Colombo Logistic Group and a member of the Board of Directors of The Lions Sightfirst Eye Hospital.

Mr. S. K. W. G. Gurusinghe

He holds a degree in Ayurvedic Medicine and Surgery (B.A.M.S) from the Institute of Indigenous Medicine, University of Colombo. He then joined the medical service and worked as an Ayurvedic Physician at the Ayurvedic Medical Center at the Meeduparu Tourist Hotel in the Maldives, owned by Aitken Spence. He later worked as an Ayurvedic Physician at the Neptune Ayurvedic Hotel owned by the same company and joined the Government Service at the Ayurvedic Hospitals in Ratnapura, Eheliyagoda and Karadana. He is currently working as the Ayurvedic Medical Officer at the Free Ayurvedic Dispensary of Maharagama Municipal Council. He is currently completing his Postgraduate Diploma in Physiotherapy at the Wickramarachchi University of Indigenous Medicine, Yakkala. He belongs to the Divithura medical tradition associated with the Baddegama area.

Contents

Report of the Board of Directors of Ayurvedic Drugs Corporation of Sri Lanka - year 2020

01. Introduction

The Ayurvedic Drugs Corporation of Sri Lanka was established by the Gazette Extraordinary no. 14853/3 of 11th May 1969 of the Government of Sri Lanka under the State Industrial Corporations Act no. 49 of 1957.

I am presenting below the Report on Operation of the Ayurvedic Drugs Corporation of Sri Lanka for the year ended on 31.12.2020 in terms of Section 142 of Finance Act No. 38 of 1971.

02. Key Objectives

1. Engagement in the enterprise of production, sale and distribution of Ayurvedic medicines, pharmaceuticals and processed Ayurvedic drugs.
2. Importation of (both types of raw and produced) essential Ayurvedic, Siddha and Unani medicines and sale and distribution of types of such medicine.
3. Purchasing raw Ayurvedic medicines and preparing such types of medicine.
4. Conducting research on academic and pharmaceuticals on Ayurvedic medicines and standardization of such medicines.
5. Running Ayurvedic pharmacies and production of domestic varieties of Ayurvedic medicine required for production of Ayurvedic medicine.
6. Dairy keeping for the purpose of getting clean cow milk to produce pure ghee required for production of Ayurvedic medicine.
7. Production of bees' honey required for preparing medicines and bee keeping and development of bee keeping as a home industry.

03. Particulars of the organization

3.1 Head Office and Manufactory

Situated at No. 94, Old Kottawa Road, Navinna.

3.2 Sales Centers

Navinna	:	No. 94, Old Kottawa Road, Navinna, Maharagama.
Wijerama (also with medical clinic)	:	No. 22, Sri Soratha Mawatha, Gangodawila, Nugegoda.
Kandy (also with medical clinic)	:	No. 70, Yatinuwara Veediya, Kandy.
Diyatalawa	:	Sanani House, Diyatalawa.
Anuradhapura	:	Stadium Lane, Bank Place, Anuradhapura.
Badulla	:	B 35-36, First Floor, Bus Stand, Badulla.
Fort	:	Platform No. 02, Fort Railway Station, Fort.
Ratnapura	:	No. 32, Bus Stand Road, Ratnapura.
Matara	:	No. 43, Old Tangalle Road, Kotuwegoda, Matara.
Jaffna	:	No. 169, K.K.S.Road, Jaffna.
Galle	:	No.38, Olcott Mawatha, Galle.
Monaragala	:	No. 267, Wellawaya Road, Monaragala.
Borella	:	Ayurvedic National Teaching Hospital, Dr. N.M.Perera Mawatha, Borella.
Matale	:	No. 614 -C, Trincomalee Street, Matale.
Ja-ela	:	No. 18, Kapuwatta, Ja-ela.
Beruwala	:	First Floor, Cooperative Building, Beruwala
Western Provincial Council	:	No. 204, First Floor, Western Provincial Council, Dencil Kobbekaduwa Mawatha, Battaramulla.

3.3 Auditors

Auditor General, No. 306/72, Polduwa Road, Battaramulla.

3.4 Banks

People's Bank and Bank of Ceylon

04. Board of Directors

1.	Mrs. Sagala Abhayawickrama (Attorney - at- Law)	-	Chairperson
2.	Mr. Shantha Liyanage	-	Managing Director
3.	Mr. M.H.M. Samil	-	Member of Board of Directors
4.	Mrs. M. W. M. Pushpalatha Menike	-	Member of Board of Directors
5.	Mr. Bandulasena Dahanayake	-	Member of Board of Directors
6.	Mr. Pradeep A. Peiris	-	Member of Board of Directors
7.	Dr. S. K. W. G. Gurusinghe	-	Member of Board of Directors

05. Executive Staff

1.	Chairperson	-	Mrs. Sagala Abhayawickrama (Attorney– at-Law)
2.	Managing Director	-	Mr. Shantha Liyanage
3.	General Manager (Acting)	-	Mr. K.D.M.A.Chandrasekara
4.	Assistant General Manager (Factories)	-	Mr. K.D.M.A.Chandrasekara
5.	Assistant General Manager (Human Resources and Administration)	-	Mr. H.R.B.Sriyantha Tissera
6.	Assistant General Manager (Finance)	-	Mr. M.G.Gayan Thakshila
7.	Chief Medical Officer (Actg.)	-	Mrs. K.A.C.D. Kodikara
8.	Manager -Sales (Government)	-	Mr. B.S.Kariyawasam
9.	Manager - Finance	-	Mr. Kalum Pathirawasam
10.	Medical Officer	-	Mrs. M.K.N.Gunasekara
11.	Manager - Planning	-	Mr. Jagath Koralage
12.	Medical Officer	-	Mrs. A.M. Pushpika Attanayake
13.	Manager–Supplies(Actg.)	-	Mr. Kalum Pathirawasam
14.	Manager–Human Resources	-	Mrs. Thilani Wijesinghe
15.	Medical Officer	-	Mrs. T.K.Liyanage
16.	Manager -Sales (Private)	-	Mr. H.M.D.D. Dhananja
17.	Medical Officer	-	Mrs. A.M.Pamodani Marasingh
18.	Manager -Quality Control	-	Mr. K.A.H.K.Kasthuriarachchi
19.	Manager–Cost	-	Mrs. A.D.S. Premasinghe
20.	Manager – Factories ((Actg.) (up to 10.07.2020)	-	Mr. Anura Tilakaratne

06. Internal Audit Division

1.	Internal Auditor	-	Miss. A.D.N.K.Premaratne

06. Cadre Composition

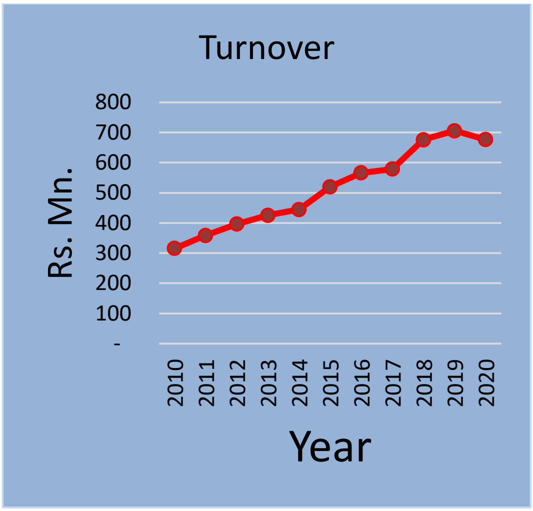
Cadre composition during year 2020

Designation	Office	Manufactory	Wijerama S.C.	Navinna S.C.	Kandy S.C.	Diyatalalwa S.C.	Badulla S.C.	Anuradhapura S.C.	Pettah S.C.	Matara S.C.	Ratnapura S.C.	Moneraga.a S.C.	Galle S.C.	Borella S.C.	Jaffna S.C.	Matale S.C.	Beruwala S.C.	Ja-ela S.C.	Western Province S.C.	Nikaweratiya Herbal Garden	Medawachchiya H.G.	Dangolla Herbal Garden	Total
Senior Managers	02	01																					03
Managers	08	07																					15
Junior Managers	14	01																					15
Management Assistant Service Technical Officers	03	11																					14
Management Assistant Service/ Non -Technical Officers	39	22	01	01	01	01	01	01	01	01	01	01	01	01	01	01	01	01	00	01	01	01	80
Primar Category, Semi-skilled Officers		09																					09
Primar Category, Skilled Officers		16																					16
Primar Category, Un-skilled Officers	17	120	02	01	02	01	01	03	01	01	01	01	01	01	01	01	01	01	02	00	01	01	161
Offciers recruited on Contract Basis																							00
Casual Laborer / Temporary Laborer		08																		19		05	32
Total	83	195	3	2	3	2	2	4	2	2	2	2	2	2	2	2	2	2	2	20	2	7	345

07. Performance

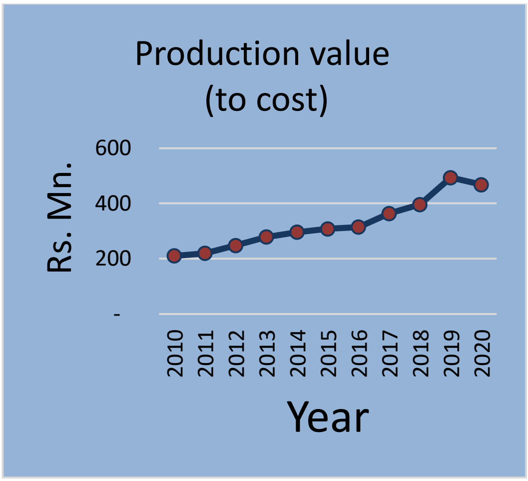
Turnover

Sales, which have continued to grow over the past decade, have fallen by about 4.2% since the beginning of 2020 in the face of the "Covid-19" menace. Despite the occasional travel restrictions and adverse weather conditions throughout the year, we have worked to maximize sales. In particular, we were able to expand our product diversification and increase sales by introducing several new products to the market to enhance people's immunity for controlling spread of the Covid virus.



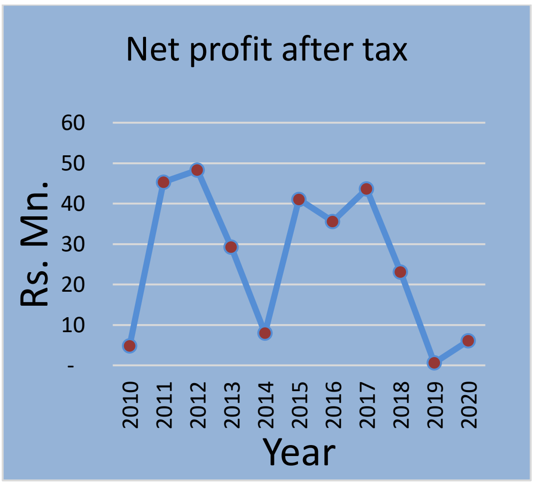
Production

Occasional travel restrictions and year-round emergencies made it difficult to maintain production. This was due to the increase in demand for Ayurvedic products and the problems of obtaining sufficient raw materials to make a product that would meet that demand. Also, the factory workers were exposed to the Covid virus day by day and we had to continue the production by giving them the care they needed. Despite all obstacles, in June 2020, we were able to record the highest production value in the 51-year history of the corporation.



Net Profit After Tax

The last ten years have shown large changes in profits, but no losses in any of those years. The Corporation has made a profit of Rs. 6.1 Mn in the year 2020, which is a growth ten times more than the previous year.



08. Employee Incentives and Welfare

8.1 Employee incentives

Following allowances are granted to the entire staff for a more effective and efficient service

- Attendance Incentive
- Production Incentive based on production
- Productivity Allowance
- Annual Bonus

8.2 Employee welfare

Following arrangement has been made at present for worker welfare in the Corporation.

- Uniforms are provided to all employees and outlet staff who are directly involved in the production process.
- Providing tea with breakfast to all employees and increasing the amount allocated for it from Rs.50.00 to Rs.60.00 per employee a day. And the provision of dinner to employees who have worked night shifts as decided by the Board of Directors.
- Regularization of facilities provided to employees at funerals and increase of Winding Sheet (*Pansukula*) allowance from Rs. 5,000.00 to Rs. 6,500.00.
- Increasing value of the gift voucher given in April for the New Year Festival from Rs. 5,500 to Rs. 6,000.00 and giving it to all employees.
- Taking steps to increase the amount of Rs. 1 million allocated for the annual tour to Rs. 1.5 million.

8.3 Social Responsibility of the Organization

No cost has been incurred for this purpose in the year 2020 in compliance with the existing circulars in this regard.

09. Production of medicines is given below in units.

	Name of medicine	Unit	Year 2020	Year 2019	Year 2018	Year 2017	Year 2016
1	Arishta/Wine	750 ml.	97,084	107,038	89,400	101,086	99,917
2	Asawa (decoction)	750 ml.	75,174	96,920	88,223	82,594	97,074
3	Kwatha	750 ml.	108,655	81,730	82,200	74,714	78,865
4	Syrup	750 ml.	23,616	48,442	22,629	18,810	23,184
5	Oil	750 ml.	160,621	198,593	183,608	176,600	106,861
6	Powder	kg	26,110	26,299	24,880	26,428	21,972
7	Pulp/linctus / extrnal ointment (lepa)/Sweet balls (Modaka)	kg	17,483	22,810	20,092	22,668	17,407
8	Rasa (flavors)	kg	1,570	2,395	3,365	2,832	3,423
9	Vatika/Gugul	kg	11,889	15,637	16,176	13,325	11,822
10	**New Products 01**						
	(1) Ranahansa Rasayanaya	kg	3,935	-	-	7	-
	(2) Thripala Tablets	kg	1,293	1,095	852	459	1,459
	(3) Medaharani tablents	kg	821	-	1,385	568	692
	(5) Jeewalepa Balm	kg	212	339	5,405	15	542
	(6) Madhumehaharani tablents	kg		985	-	-	-
11	**New Products**						
	(1) Sour soup	05 g	115,800	161,585	139,470	164,360	80,600
	(2) Peyawa	05 g	500,770	420,180	306,470	309,324	282,200
	(3) Paspanguwa	50 g	89,950	110,060	132,330	115,289	29,889
	PasPanguwa	kg	95				
	(4) Aloe Vera Shampoo	1		-	-	1	-
	Aloe Vera Shampoo	95 ml	55,631	34,918	22,961	18,675	16,408
	(5) Indian Sarsparilla powder	kg	10	-	10	610	-
	(6) Tender bael nut powder	kg	24	-	16	27	-
	(7) WENIWEL BODY WASH	5L	2				
	WENIWEL BODY WASH	1L		-	-	3	10
	WENIWEL BODY WASH	300ml	26,439	19,166	18,228	15,067	22,935
	WENIWEL BODY WASH	100ml	472	4,127	7,586	-	11,845
	WENIWEL BODY WASH	65ml	343	746	401	-	12,551
	WENIWEL BODY WASH	60ml		-	-	-	12,295
	(8) IRMUSU TEA BOX 25 BAGS	BOX	5,199	347	3,387	12,045	9,116
	(9) CINNAMON HERBAL TEA (NEW) 01 2g	BAG	9,727	9,168	10,252	292,225	12,790
	CINNAMON HERBAL TEA	250g		94	200	30	
	(10) KOTHALA HIMBUTU HERBAL TEA	50g	8,757	2,015	1,474	2,736	
	(11) RANAWARA HERBAL TEA BAG	2.5g		-	-	1,250	
	(12) BELI GETA ULUHAL HERBAL TEA BAG	2.5g		-	-	1,250	
	(13) CINNAMON CAPSULES 60 Nos	60Nos	149	3,907	1,474	6,306	3,290
	(14) INGURU KOTHTHAMALLI HERBAL TEA BAG	2.5g		-	-	1,250	
	(15) NELLI RASAKIAD HERBAL TEA BAG	2.5g	367				
	(16) MEDAHARANEE CAPSULES 60 Nos	60Nos	1,212	2,873	2,090	2,816	
	(17) KOTHALA HIMBUTU CAPSULES	60Nos	1,911	4,242	3,000	2,334	
	(18) ASHWAGANDA CAPSULES	60Nos	4,560	2,905	-	2,696	
	ASHWAGANDA CAPSULES	30Nos		-	-	626	
	(19) DHATHREE CAPSULES	60Nos	2,822	2,265	-	2,929	
	(20) SUDARSHAMA CAPSULES	60Nos	11,021	6,466	-	3,059	
	SUDARSHAMA CAPSULES	KG	272				
	(21) ALOE VERA HERBAL DRINK	5L		-	8	6	
	ALOE VERA HERBAL DRINK	200ml		2,729	7,799	1,411	669
	(22) NELLI HERBAL DRINK	200ml		-	-	1,527	508
	(23) CUCUMBER FACIAL WASH	5L		-	-	1	-

	Name of medicine	Unit	Year 2020	Year 2019	Year 2018	Year 2017	Year 2016
	CUCUMBER FACIAL WASH	100ml	702	4,946	1,607	4,495	3,116
	CUCUMBER FACIAL WASH	50ml		2,495	980	1,851	4,781
	(23) PAPAYA FACIAL WASH	5L		-	1	1	-
	PAPAYA FACIAL WASH	100ml	10,182	4,922	1,404	4,778	3,047
	PAPAYA FACIAL WASH	50ml		2,884	3,474	2,429	3,502
	(24) SANDALWOOD FACIAL WASH	1L		-	-	1	
	SANDALWOOD FACIAL WASH	100ml	4,714	8,310	7,025	2,814	18,485
	SANDALWOOD FACIAL WASH	50ml		5,751	5,020	60	14,053
	(25) CARROT FACIAL WASH	100ml		947	3,491	456	
	(26) BEE HONEY	750ml		4			
	BEE HONEY	375ml		-		1	
	BEE HONEY	100ml		1,829			
	BEE HONEY	28ml		4,221			
	(27) ABA THEL	28ml	7,065	899	1,285	1,021	
	(28) ELAGI THEL	250ml	1,267	2,662	684	347	
	ELAGI THEL	100ml	7,250	4,671	2,848	5,053	
	ELAGI THEL	28ml	11,860	2,516	-	2,750	
	(29) ENDARU THEL	28ml	7,293	-	609	1,031	
	(30) KOHOBA THEL	750ml		-	-	1	
	KOHOBA THEL	28ml	6,532	839	971	792	
	(31) THALA THEL	250ml	3,002	2,696	4,031	3,574	
	THALA THEL	100ml	8,538	6,455	6,649	3,212	
	THALA THEL	28ml	6,117	5,164	3,287	3,378	
	(32) KOKUM POTHU POWDER	50g		-	-	43	
	SUDU HADUN POWDER	50g		-	-	46	
	(33) TOTOL BALANCE TEA BAG 2g	2g		-	-	30,000	
	(34) IRAMUSU POWDER	1KG	5	-	10	3	
	IRAMUSU POWDER	500g	3	-	-	4	
	IRAMUSU POWDER	250g	2	-	-	9	
	(35) Modaka	KG	2,153	-	1,208		
	(36) PANCHA WALKALA BODY WASH	300ml	3,598	4,429			
	PANCHA WALKALA BODY WASH	100ml	500	1,653			
	(37) ENDARU THEL	28ml	7,293	2,380			
	(38) MEE THEL	28ml	6,117	470			
	(39) RANAWARA MAL (DRIED)	250g	147				
	(40) BELI MAL (DRIED)	30g	2,857				
	(41) SUWADARANI PRATHISHAKTHI PANAYA	500g	1,904				
	SUWADARANI PRATHISHAKTHI PANAYA	50g	137,563				
	SUWADARANI PRATHISHAKTHI PANAYA TEA BAG	BOX	237				
	(42) COVID-19 DOOMAYANAYA	50g	22,741				
	(43) ETHO KOMARIKA HAND SANITIZING GEL	5L	372				
	ETHO KOMARIKA HAND SANITIZING GEL	300ml	4,591				
	ETHO KOMARIKA HAND SANITIZING GEL	50ml	2,275				
	ETHO KOMARIKA HAND SANITIZING GEL	65ml	8,571				
	(44) KAVALAGRAHA MOUTH WASH	10 pack	2,401				
	(45) WENIWWL HANDWASH	300ml	1,795				
	(46) PERUMLAYAM	10g	2,249				
	PERUMLAYAM	5g	3,048				
	(47) PRATHISHAKTHI WARDHAKA KASAYA	1KG	5,656				
	PRATHISHAKTHI WARDHAKA KASAYA	100g	3,851				
	PRATHISHAKTHI WARDHAKA KASAYA	30g	13,703				
	PRATHISHAKTHI WARDHAKA KASAYA	50g	12,068				
	(48) KAHA POWDER	250g	426				

10. Value of medicines sold to the public sector and private sector is as follows

(Rs. Mn.)

	Year 2020	Year 2019	Year 2018	Year 2017	Year 2016
Public Sector	517.46	585.63	541.48	492.59	450.06
Sales Center					
Wijerama sales center	7.22	5.90	6.68	5.06	8.44
mobile sales	22.85	20.75	21.69	2.21	20.74
Kandy sales center	9.60	8.27	6.63	6.75	7.18
Diyatalawa sales center	4.03	2.66	5.30	3.18	3.53
Anuradhapura sales center	14.96	17.11	15.06	4.25	5.15
Badulla sales center	4.68	4.18	6.00	6.02	3.87
Pettah sales center	4.03	4.24	5.12	5.26	4.85
Navinna sales center	26.04	10.67	11.49	13.50	14.57
No 008 store	4.89	0.46	1.41	2.13	9.24
Ratnapura sales center	4.83	4.01	7.19	4.14	9.32
Jaffna sales center	11.78	7.69	11.23	7.83	8.05
Galle sales center	6.48	5.03	6.18	6.16	5.12
Sethsiripaya sales center	1.38	1.85	3.44	2.68	3.37
Monaragala sales center	5.46	3.67	4.49	2.45	1.93
Matara sales center	9.47	6.14	7.11	4.86	3.73
Borella sales center	8.09	7.73	8.17	5.99	2.01
Matale sales center	3.90	3.51	4.33	3.28	-
Aluthgama sales center	1.07	3.00	2.01	-	-
Ja-Ela sales center	2.26	2.46	0.84	-	-
Western Province sales center	3.92	0.68	-	-	-
Beruwala sales center	1.89	-	-	-	-
Suwasiripaya sales center	-	-	0.03	0.06	-
Nikaweratiya sales center	-	-	-	0.49	3.10
Tangalle sales center	-	-	-	-	1.63
Department of Pensions sales center	-	-	-	-	0.47
Grand Total	**676.29**	**705.64**	**675.88**	**578.89**	**566.36**

11. Distribution of income (percentage)

	2020	2019	2018	2017	2016
Sales	100.00	100.00	100.00	100.00	100.00
Less: sales cost	69.77	68.77	63.04	56.56	58.42
Gross profit	30.23	31.23	36.96	43.44	41.58
Added: other income	(0.16)	0.56	1.05	0.99	0.01
Total	30.07	31.79	38.01	44.43	41.59
Less					
Establishment and Administrative ex	19.98	21.37	21.41	21.77	22.05
Selling and distribution expenditure	10.43	11.38	12.03	11.20	11.42
Financial expenditure	0.82	0.90	1.06	1.42	1.55
Other expenditure	-	-	-	-	-
total expenditure	31.23	33.65	34.50	34.39	35.02
Operational profit	-1.16	-1.86	3.51	10.04	6.57
Added - interest income and non-operational income	2.56	2.30	1.34	0.58	0.74
Profit before tax deduction	1.40	0.44	4.85	10.62	7.31
Less					
Loss in Herbal Gardens	1.45	1.55	0.72	0.71	0.73
Less					
Provisions for tax allocations	0.50	0.35	2.53	3.08	2.27
Net profit	**(0.55)**	**(1.46)**	**1.60**	**6.83**	**4.31**

12. **Profitability (in million rupees)**

(Rs. million)

	2020	2019	2018	2017	2016	2015
sales	676.30	705.62	675.88	578.89	566.36	519.89
Less :- cost of sales	471.83	485.23	426.05	327.45	330.88	284.69
Gross profit	204.47	220.39	249.83	251.44	235.48	235.2
Added - other income	6.15	14.94	11.77	9.83	11.08	11.08
Total income	210.62	235.33	261.60	261.27	246.56	246.28
Less						
Establishments and Administrative e	135.10	150.8	144.73	126.02	124.88	112.57
Sales and distribution expenditure	70.54	80.31	81.30	64.83	64.70	62.31
Financial expenditure	5.54	6.37	7.15	8.22	8.79	8.44
other expenditure	-	-	-	-	-	-
total expenditure	211.18	237.48	233.18	199.07	198.37	183.32
Operational profit	-0.56	-2.15	28.42	62.2	48.19	62.96
Added - Interest income	17.28	16.26	9.07	3.34	4.18	4.28
Non operational income	2.54	1.40	0.20	0.01	0.18	0.25
Nikaweratiya herbal garden (loss)	(9.80)	(10.96)	(4.89)	(4.10)	(4.11)	(5.36)
provisions for allocations for tax	(3.36)	(2.40)	(17.12)	(17.80)	(12.85)	(21.10)
net profit	**6.10**	**2.15**	**15.68**	**43.65**	**35.59**	**41.03**

13. Increasing production

- **Procuring raw materials**

Most of the raw materials required for production are supplied to the Corporation by intermediary suppliers. Due to this, the quality of raw materials of the products has been questionable and the raw materials have been rejected by the sampling committee. Accordingly, by the end of 2020, as a solution to this problem, discussions were held with the tribal leader of Dambana and action was taken to collect the raw materials available in those areas through them and obtain them for the Corporation. Through this the corporation gets quality raw materials as well as contributes to lives of the people. Main among those medicines are Chebulic Myrobalan, baheda, Alyce clover and bark. We also enlisted the help of other drug collectors in the Mahiyangana area.

The Herbal Gardens maintained by the Corporation and the Anuradhapura Regional Office have taken steps to purchase medicines at low cost during the periods when they are in common supply and to expand the cultivation of herbs such as Turmeric, Kiratha, Ginger and Chinese Chaste.

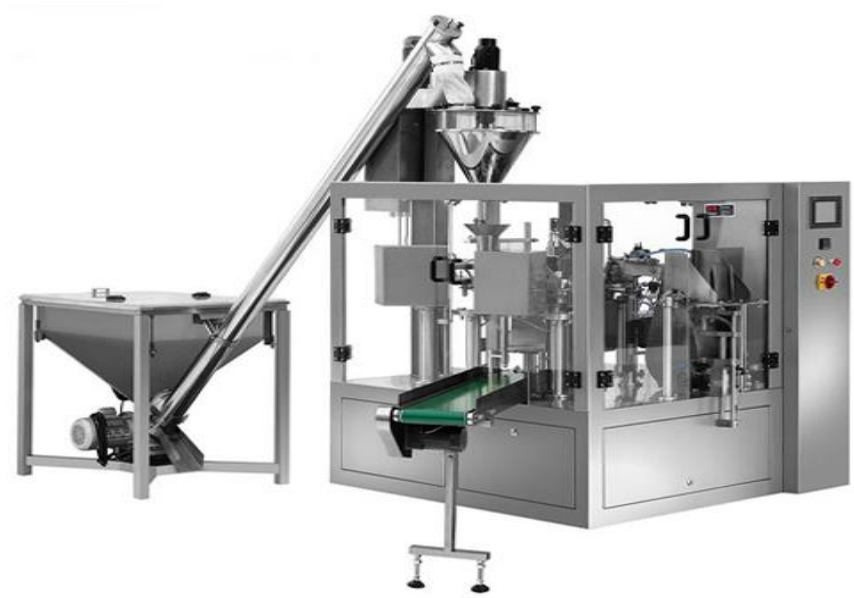
In addition, the price of dried ginger rose sharply due to import restrictions. As a solution to this problem, we were able to procure raw ginger, wash it and dry it, and obtain the required quality dried ginger at a reduced cost.

14. Expanding production capacity

Capital Projects

- **Automatic Powder Filling and Sealing Machine**

For many years we did not have adequate facilities for packaging the raw material and we had to get a large labor contribution for it. In order to meet the increasing demand and competition for the production and to ensure consumer protection, we have set out to establish the Automatic Powder Filling and Sealing Machine in 2020, which has long been required for low cost packaging.



15. Introducing new products and sales promotion

- **New products**

Under full guidance of the Hon. Minister of Health, 6 products of the Corporation were introduced to the public on 24.04.2020 at the Auditorium of the Ayurvedic Drugs Corporationto prevent the spread of Covid-19 virus.

Ethokomarika Hand Sanitizing gel

- **Sales Promotion Programs**

A number of sales promotion programs have been conducted to promote production during year 2020.

Podu Jana Sarani Program

Ministry of Health

Ratnapura Sales Promotion Program

- Steps have been taken to increase sales by setting sales targets and recovering debts long overdue.
- **Meeting sustainable development goals**

  The Sri Lanka Ayurvedic Drugs Corporation has been unwaveringly committed, as a State Corporation, to achieve the Sustainable Development Goals of 2030 to be achieved by the Government of Sri Lanka in 2015 based on the Sustainable Development Goals agreed upon by the Member States of the United Nations in 2015. Accordingly, it is expected to make a direct contribution towards the Sustainable Development Goals 2020 by providing a direct contribution towards eliminating poverty, hunger eradication, health and well-being, prosperous mission and economic growth, and responsible consumption and production.

16. Establishment of Audit and Management Committees

The Sri Lanka Ayurvedic Drugs Corporation has held 04 Audit and Management Committee Meetings in the year 2020, where the Audit Queries issued by the Auditor General and the Audit Queries issued by the Internal Audit Division are discussed and necessary guidance is given to rectify the matters stated therein.

In addition, Audit and Management meetings are held every three months at the Ministry level under the chairmanship of the Secretary to the State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospital Development and Community Health, where progress in implementation of decisions taken on audit queries is also considered.

Following are details of the Board of Directors of Audit and Management Committee of the Corporation for the year 2020.

- Mr. M. N. Sameel - Treasury representative
- Mrs. H. W. M. Pushpalatha Menike - Member of the Board of Directors (Representative of the Ministry)
- Mr. Pradeep A. Peiris - Member of the Board of Directors
- Mrs. R. G. D. Priyadarshani - Chief Internal Auditor (State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health)
- Mrs. I. D. I. Priyadarshani - Government Audit Superintendent

17. Views on Financial Management and Audit Queries

Auditor General points out, through his audit Queries, various shortcomings in the audit system in the Corporation as well as system faults. Additionally, those defects were also pointed out at Parliamentary Committee on Public Accounts and, it is notified that required measures have already been taken to rectify those shortcomings and defects appropriately during year 2020 in terms of instructions and guidance provided by Audit and Management Committee and directions of the Board of Directors.

Thanks are due to,

- Hon. (Mrs.) Pavithra Wanniarachchi (Attorney-at-Law), the Minister of Health and Hon. Sisira Jayakody (Attorney-at-Law), the State Minister of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health.
- Secretary to the State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health and its staff,
- The General Treasury for its assistance for improvement of capital and revenue of the Corporation,
- Incumbent Commissioner of Ayurveda of the Department of Ayurveda and his staff, Director and staff of the Ayurvedic Research Institute for their unreserved assistance,
- Provincial Councils, Local Authorities who assisted in purchasing end-products of medicine and Sales Representatives,
- Auditor General and his staff for providing necessary guidance to rectify defects and shortcomings in system administration, and
- Management and staff of the Corporation for their commendable assistance in taking forward activities of the Corporation during the year under review.

Sagala Abhayawikcrama (Attorney-at-Law)
Chairperson
Ayurvedic Drugs Corporation of Sri Lanka

Report of Corporate Governance

Corporate governance is the method by which management directs and controls the organization to achieve the objectives of the stakeholders (government and community, investors, employees, suppliers, customers) through the achievement of high transparency, accuracy and timely financial reporting.

The Board of Directors is responsible for corporate governance.

- **Board of Directors**

The Board is made up of professionals and experienced individuals in the fields of manufacturing, Ayurvedic medicine manufacturing and allied services, marketing, public finance and administration.

The Board of Directors consists of the Chairman who is an Executive Director, a Managing Director and five non-Executive Directors.

The Board of Directors meets monthly except when Parliament is dissolved or the Board of Directors has not been appointed by the Hon. Minister. Arrangements are also made to hold a special meeting when necessary.

- **Management Committee**

The Chairman of the Corporation Management Committee is the Chairman of the Corporation. The other committee officers are the Managing Director, General Manager, Assistant General Managers and Heads of Departments of the Corporation.

The Management Committee oversees taking decisions on the day-to-day operations of the Corporation, the implementation of policy decisions taken by the Board of Directors, the implementation of strategic objectives andthe making of appropriate recommendations to the Board of Directors for policy decision making, when necessary. The Management Committee meets monthly.

- **Audit Committee**

Audit Committees have been set up in accordance with the "Good Governance and Public Enterprise Guidelines" and Fiscal Circulars.

The Audit Committee is appointed by the Board of Directors and consists of the Non-Executive Directors of the Corporation. The Director, representing the Ministry of Finance, is the Chairman of the Committee. The examination and evaluation of functions of the Corporation are done independently by the Audit Committee and, when necessary, provides guidance to the management. Internal audit work is prepared under approval of the Audit Committee and the activities carried out in accordance with the internal audit plan are also referred to the Auditor General.

- **Investor relationships and public liability**

The Board of Directors and Managers of the Corporation are responsible to the Ministry of Health, Nutrition and Indigenous Medicine as the line ministry and to the Treasury of the Ministry of Finance. In fulfillment of this responsibility, the annual report, annual accounts, annual budget, progress reports for quarters, etc. are submitted to those institutions.

As the final authority over public finances is vested in Parliament of Sri Lanka, the annual report including the progress of the institution, financial reports and audit report is presented to the Members of Parliament for review.

The Sri Lanka Ayurvedic Drugs Corporation, as a for-profit state-owned enterprise,is responsible to the Committee on Public Enterprises (COPE) in Parliament.

- **Wages Policy**

The salaries policy of the Corporation is based on recommendations and circulars of the Department of Public Enterprises and the Department of Management Services of the General Treasury. Board Allowances are paid on the basis of Circulars issued by the Ministry of Finance pertaining to Public Corporations.

Product and attendance incentives are paid monthly to all employees based on monthly production and staff attendance.

- **Internal Administration**

The Board of Directors is responsible for ensuring that the Company receives due authority for all incoming transactions and that internal administration is exercised in such a way as to ensure that records, reports, recommendations, certifications and approvals are reasonably verified.

A work-based corporate plan is implemented. Departments are tailored to their specific functions and include manufacturing, quality control, maintenance, finance, planning, research and development, and marketing.

Managing Director and General Manager report to the Chairman and Board of Directors. The heads of each department report directly to the General Manager, who is the CEO of the Corporation.

Independence of the internal auditor is confirmed and the internal control is further strengthened by the internal auditor reporting directly to the Chairman and the Audit Committee. Based on the Annual Audit Report submitted by the Government, Auditor General, the Board of Directors and the Audit Committee, including the Chairman, provide the necessary guidance to address the existing deficiencies in the respective sectors.

The procurement process is based on provisions of the Procurement Guidelines and related circulars and technical evaluation committees have been appointed for each procurement to ensure transparency in transactions.

The Annual Budgets including Expected Revenue, Recurrent Expenditure and Capital Expenditure are approved by the Board and submitted to the Line Ministry, the Department of Public Enterprises of the Treasury and the Auditor General.

Auditor General's Report

My No. MED/A/ADC/FA/20/04 29th October 2021

Chairman
Ayurvedic Drugs Corporation of Sri Lanka

Auditor General's Report in terms of Section 12 in the National Audit Act No. 19 of 2018 on Financial Statements and other legal and regulatory requirements for year ended on 31st December 2020 of

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1. Financial Statements

1.1 Qualified Opinion

Financial Statement for the year ended on 31st December 2020 of the Ayurvedic Drugs Corporation of Sri Lanka, Statement of Change of Equity and Cash Flow Statement for the year ended on that day and Notes to Financial Statements, Financial Statements for year ended on 31st December 2020 consisting of important summarized accounting policies were audited under my direction in terms of provisions in Audit Act No. 19 of 2018 to be read along with Article 154(1) in the Constitution of the Democratic Socialist Republic of Sri Lanka and Finance Act No. 38 of 1971. My report will be tabled in Parliament in due course in terms of Article 154(6) of the Constitution.

Except the impact from the matters explained under the section titled Qualified Opinion in my report, it is my opinion that Financial Position of the Corporation as at 31st December 2020 and its financial operation and Cash Flows for the year then ended reflect a true and fair condition in keeping with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

(A) Sri Lanka Accounting Standards 1

i. Tax income for the year under review had been stated in Rs. 1,459,334 over the actual income and accumulated tax income in Rs. 4,171,080 below the actual income by 31st December 2020 as a result of not accounting tax income pertaining to 5 Fixed Deposits on accrual basis in terms of paragraphs 27 and 28 in the standard.

ii. Assets & liabilities and income and expenditure should not be set off except when it is required by a Sri Lanka Accounting Standard or is permitted, in terms of paragraph 32 in the Standard. Nevertheless, it had been stated in Financial Statements by setting off credit balances in 02 real-time interim imprest accounts as at 31st December 2020 against debit balances of Rs. 610,044 in 33 such accounts by that date and income of Rs. 2,540,257 received from two herbal gardens and other income of Rs. 6,148,865 against the expenditure of Rs. 9,793,701 in three herbal gardens.

iii. As per paragraph 51 in the Standard, accounts in Financial Statements submitted for year under review had not been rounded off to the nearest rupee.

(B) Sri Lanka Accounting Standards 2

It was observed that outstanding balance of stocks referred to in Financial Statements as Rs. 192,451,043 as at 31st December 2020 as per following observations had not been identified in terms of regulations in the Standard.

i. In terms of paragraph 25 in the Standard, outstanding stock cost should be calculated and accounted utilizing first come first issue basis or green average system. Although it had been revealed in Financial Statements that the cost of outstanding stocks have been calculated and accounted on the basis of green average method, stock ledgers had not been maintained to calculate the green average on timely basis or on receipt of each additional stock of items purchased as per paragraph 27 of the standard and, instead, a computerized stock ledger had been maintained to calculate stock cost in first come first issue basis.

ii. Cost of outstanding herbal raw materials, outstanding finished drugs and outstanding packing materials as at 31stDecember 2020 had been accounted as Rs. 70,360,760, Rs. 96,833,832 and Rs. 21,824,951 respectively based on average cost instead of green average method in the months of January and December, 2020 and the cost of outstanding stock of stationery as Rs. 3,431,500 based on year-end purchasing price.

iii. At the annual board of survey held as at 31st December 2020, cost of Rs. 456,700 of 25 items of stationary outstanding at that date whose physical balance had been confirmed had not been accounted and a cost of Rs. 1,947,949 of the outstanding stock of computer accessories had been written off against the profit without accounting as an asset.

iv. It was revealed at a sample test conducted only in 03 out of 08 stores maintained that stock shortages existed in 20 herbal raw materials costing Rs. 842,292 and 12 finished drugs costing Rs. 387,590 whereas stock excesses existed in 20 herbal raw materials costing Rs. 11,734,245 and 31 finished drugs costing Rs. 290,222. Those stock shortages and excessed had not, however, been accounted and no step had been taken even to take action in terms of Financial Regulation 103, 104 and 105.

v. No step had been taken to set off the cost of Rs. 7,301,072 of the damaged and expired stock of finished drugs contained in the finished goods outstanding as at 31st December 2020 against the profit and to take action in terms of Financial Regulations 103, 104 and 105. Further, cost of 19,516 units of finished drugs, 671 units of stationery and 177 kilograms of herbal raw materials which were damaged and expired as at 31st December 2020 as revealed by the annual board of survey had not been calculated and accounted and the damaged and expired stock contained in the stocks of packing materials had not even been calculated.

(C) Contrary to the conditions specified in Sections (A) & (B) in paragraph 14 of Sri Lanka Accounting Standard 8, the stock calculation policy followed up to the previous year had been changed during the year under review and it had not been revealed that the policy was changed in terms of paragraph 29 in the Standard.

(D) Rs. 7,763,620 of sales on credit during the year under review in 22 sales outlets had not been accounted.

(E) Although an amount of Rs. 1,808,795 spent on development of the herbal garden situated in Anuradhapura and erection of perimeter fence should have been capitalized, it had, instead, been noted under Work in Progress in Financial Statements.

(F) An amount of Rs. 5,376,250 had been paid as advance last year to purchase an automatic grinder of that total cost. Although that machine had been provided and installed during the year under review, the cost had not been capitalized.

(G) The mistake of under accounting of Rs. 820,104 of income tax expenditure last year had not been rectified.

(H) Although the allocation for stock damages as at 31st December 2020 should be Rs. 8,373,176, that amount was Rs. 11,172,466 as per the Statement of Financial Position and, therefore, the difference amounted to Rs. 2,799,290. Further, although the balance as at 31st December 2020 in two savings accounts amounted to Rs. 5,574,664 as per balance confirmation certificates of the People's Bank, the amount was Rs. 4,210,243 according to the Statement of Financial Position, thus leaving a difference of Rs. 1,364,421. Further, there was a difference of Rs. 5,458,141 between the balance as at 31st December 2019 in the General Expenditure Advance Account and the balance as at 01st January 2020 in the Ledger Account according to Financial Statements for the previous year and, no schedules had been prepared to confirm the balance of Rs. 9,927,344 as at 31st December 2020 as stated in Financial Statements. Further, Rs. 6,047,654 out of Rs. 8,906,193 recorded as last year reconciliations in the Statement of Change of Possession were not verified by Journal records.

(I) No sufficient proof provided about accuracy of un settled credit balances of Rs. 14,162,022 and un paid stamp duty of Rs. 260,839 carried forward from previous years and included in accrued expenditure of Rs. 23,819,450 as at 31st December 2020.

I conducted my audit in conformity with Sri Lanka Auditing Standards (SLAuS). My responsibility under these auditing standards has been further explained in Section titled Responsibility of the Auditor on Auditing Financial Statements in this report. I believe that audit proof I have obtained are sufficient and appropriate to form a basis for my opinion.

1.3 Other information contained in Annual Report of the Corporation – 2020

'Other information' means Financial Statements and information not contained in my audit report though contained in the Annual Report 2020 and are expected to be provided to me after the date of this audit report. The management is responsible for this other information.

Other information is not covered by my opinion on Financial Statements and I will not express any certification or opinion about it.

My responsibility in terms of my audit on the Financial Statements is to read other information identified above as soon as they are received and to consider whether other information does not quantitatively suit with Financial Statements or my knowledge gathered at the audit or in any other form.

If I were to conclude in reading the Annual Report – 2020 that it has quantitative misrepresentations, those facts should be communicated to administrative parties for rectification. If there are misrepresentations not rectified so far, I will include them into the report tabled in Parliament in due course in terms of Article 154(6) in the Constitution.

1.4 Responsibilities of the Management and parties of administration

The Management is responsible for preparation of these Financial Statements in conformity with Sri Lanka Accounting Standards and their fair submission and determining internal controls enabling preparation of Financial Statements without quantitative misstatements likely to occur due to frauds or faults.

It is responsibility of the management to determine sustenance of the Corporation in preparing Financial Statements and except if the management intends to liquidate the Corporation or to take action to terminate operations, the management is also responsible to keep accounts on the basis of continuous existence and reveal facts pertaining to continuation of the Corporation.

The responsibility of financial reporting process of the Corporation is borne by parties of administration.

Books and reports should be properly maintained on its revenue, expenditure, assets and liabilities enabling preparation of annual and timely financial statements of the Corporation in terms of Sub-Section 16(1) of the National Audit Act No. 19 of 2018.

1.1 Responsibility of the Auditor on auditing Financial Statements

My objective is to issue a fair confirmation that Financial Statements, on the whole, are devoid of quantitative misstatements occurred due to frauds and faults and to issue the Audit Report containing my opinion. Although a fair certification is a high standard certification, it will not be a confirmation that quantitative misstatements will always be uncovered in conducting the audit in terms of Sri Lanka Auditing Standards. Quantitative misstatements might occur due to individual or bulk influence of frauds and faults and its quantity depends on its impact on economic decisions to be taken by users based on these Financial Statements.

I have acted with professional judgement and professional doubt in the audit as part of the audit in terms of Sri Lanka Auditing Standards. Further,

- Proper, appropriate and timely auditing procedures were formulated and implemented in order to identify and assess the risk of arising quantitative false statements likely to occur in Financial Statements due to frauds or faults in forming a basis for the audit opinion stated. The impact of a fraud is more serious than that of a quantitative misstatement because they occur due to complicity, preparation of forged documents, wilful negligence, false representation or deviating from internal administration.

- An understanding on the internal administration was gathered in order to prepare timely audit procedures though not with a view to expressing an opinion on the effectiveness of internal administration.

- Appropriateness of accounting policies used, fairness of accounting estimates and connected revelations by the management were evaluated.

- Relevance of the use of the basis of continuation of the institution for the accounting was decided based on audit evidence gathered on whether there is a quantitative uncertainty on the continuation of the Corporation due to events or situations. If I were to conclude that there is a quantitative uncertainty, I have to pay attention in my audit report to related revelations in the Financial Statements and my opinion should be audited if those revelations are not sufficient. However, the continuation may come to an end based on future events or situations.

- The appropriate and fair inclusion of transactions and events which formed the basis of structure and contents of Financial Statements and the total presentation of Financial Statements including revelations were evaluated.

  Parties of the administration will be informed of significant findings of my auditing, vital shortcomings of internal administration and other facts.

2. Report on other legal and regulatory requirements

2.1 Special provisions on following requirements are contained in the National Audit Act No. 19 of 2018.

2.1.1 I have gathered all information and clarifications required for the audit in terms of the requirements specified in Section 12(A) in the National Audit Act No. 19 of 2018 excluding the impact from matters explained in the part titled Basis for Qualified Opinion in my report and as appears in my observation, the Corporation had maintained proper financial records.

2.1.2 As per the requirement in Section 6(I) (D) (iii) of the National Audit Act No. 19 of 2018, the Financial Statements of the Commission correspond to the previous year.

2.1.3 Except the observations in paragraphs 1.2 (B), (C), (D) and (G) in this report, as per the requirement in Section 6(I) (D) (iv) of the National Audit Act No. 19 of 2018, the recommendations I have made last year are contained in Financial Statements presented.

2.2 Nothing worthy of making following statements attracted my attention based on measures adopted and evidence collected and due to restriction to quantitative matters.

2.2.1 That as per the requirement in Section 12(D) in the National Audit Act No. 19 of 2018, any member of the Board of Administration of the Commission has a direct or indirect connection, which is outside general business nature, with any agreement affiliated to the Commission.

2.2.2 That, as per the requirement in Section 12(E) in the National Audit Act No. 19 of 2018, action has been taken in contrary to any relevant written law or any other general or special provisions issued by the Board of Administration of the Corporation, except following observations.

Reference to rules and regulations/ provision	Description
(A) Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulation 166	No action had been taken to identify and settle receipts of Rs. 268,135 older than one year for the reasons of not keeping relevant documents updated and not keeping formal records.
(ii) Financial Regulation 382	Instead of taking relevant measures after checking 6 cheques older than one-year worth Rs. 351,871 and not credited to the account even after transferring to deposit in 2 Bank Accounts, they had been noted in Bank Reconciliation Statements even up to 31st December 2020.
(iii) Financial Regulation 383	Without taking action to identify Rs. 683,636 directly received into the account, being unable to identify for a period of over one year due to non-conformity with Financial Regulations and take them into books, they were mentioned in Bank Reconciliation Statement up to 31st December 2020.
(iv) Financial Regulation 396	13 cheques worth Rs. 15,236 older than one year and still had not been submitted for payment had been stated in Bank Reconciliation Statement up to 31st December 2020 without following Financial Regulation.
(B) Public Finance Circular no. 01.2014 of 17th February 2014	The Action Plan prepared for the year under review did not contain particulars such as organizational structure, approved cadre, particulars of existing cadre, Annual Plan of Activities prepared on priority basis based on the annual budget, time frame of its operation and anticipated output of those activities etc.
(C) Paragraph 3.5 of Public Enterprise Circular No. 95 of 14th June 1994	Total of all incentives paid without approval of the General Treasury during the year under review and a period of 06 months foregone against provisions in Circulars amounted to Rs. 474,979,883.
(D) Public Enterprise Department Circular No. 95 of 14th June 1994	The total sum of incentives paid without approval of the General Treasury during the year under review and past 06 years contrary to circular provisions amounted to Rs. 474,979,883.

2.2.3 That action had been taken contrary to powers, functions and duties of the Corporation against the requirement in Section 12(G) in the National Audit Act no. 19 of 2018.

2.2.4 That resources of the Corporation have not been procured and used economically, efficiently and productively during specific periods of time in terms of relevant rules and regulations, except following observation, in terms of Section 12(H) of the National Audit Act No. 19 of 2018.
The contract for provision and installation of 04 new machines for a total cost of Rs. 45,361,388 with a view to enhancing productions, efficiency and productivity of the Corporation had been offered on 03rd July 2019. However, the automatic bottle filling machine with a total cost of Rs. 26,544,603 had not been purchased out of them due to lack of financial provisions. Although a period of approximately one year had been spent after offering contracts for procurement and installation of 3 machines including the automatic packet filling machine, automatic tablet processing machine and automatic primary grinder, late charges could not be charged due to absence of a formal agreement signed with suppliers.

3. Other information

(A) They had failed to perform any activity pertaining to 19 capital procurements with an estimated cost of Rs. 333 million out of 77 activities contained in the Action Plan prepared for the year under review. The Chairman had expressed views that this was caused by non-receipt of public financial provisions and the Corona epidemic situation prevailed.

(B) Rs. 504,447,317 or 75 percent out of Rs. 676,304,359 of sales income for the year under review had been received from Public Sector and only Rs. 171,857,042 or 25 percent had been received from Private Sector. The higher trend towards Public Sector demand which comes automatically, absence of proper identification of market requirements, not using new sales methods and insufficient propaganda caused the drop in private sector sales.

(C) The loss of income to the Corporation due to failure to meet the demand pertaining to 134 types of products to the public sector during the year under review amounted to Rs. 79,614,405 and the income so lost last year amounted to Rs. 78,372,900. There was a risk of forfeiting the due share of the market due to failure to meet this demand from the public sector received without any sales promotion effort.

(D) No action had been taken to establish performance indicators to evaluate activities in the processes of different sections in the Corporation performing duties in terms of the Production Plan and Sales Plan prepared by the Corporation and to review performance of those activities.

(E) The Corporation had not conducted a timely market survey to determine its market share and there was no understanding whether the market share of the Corporation had increased or dropped.

(F) No action had been taken to meet the objectives of keeping herds of cow to procure cow milk to produce ghee oil required for production of certain types of Ayurvedic drugs, keeping bees to produce bees' honey required to prepare certain types of medicine and developing bee keeping as a home industry out of 07 objectives of the Corporation in terms of notification in the gazette extraordinary of Ceylon No. 14,853/3 of 11th May 1969.

(G) Stationery costing Rs. 1,283,718 had been purchased during the year under review despite availability of an outstanding stock of stationery costing Rs. 2,319,609 as at 01st January 2020. It was observed that stationery costing only Rs. 171,827 had been used during the year under review due to existence of an outstanding stock of stationery costing Rs. 3,431,501 as at 31st December 2020. It was observed that the outstanding stocks of stationery are in danger of being damaged or expired due to such extra purchases without proper identification of requirements.

(H) Stocks had not been stored in stores in a systematic manner and it was observed in survey of physical stocks in the sales outlets in Matara, Kandy, Matale and in the Corporation that no maximum, minimum and re-ordering stock levels had been maintained, no sales promotion strategies had been used to identify and sell available slowly moving stocks, types of medicine removed from sale due to reasons such as higher prices in medicine, smudging or smearing of labels and packs etc. had been stored together with expired medicine, they had been left to be expired without taking required action to re-label them and sell, that the types of medicine expired and unusable remaining in sales outlets and stores had been calculated as usual without removing from books for a long period of time, a large space in sales outlets remained under-utilized.

(I) The approved cadre of the Corporation amounted to 375 as at 31st December 2020 and 63 posts remained vacant because the actual cadre was 316 and these 63 vacancies consisted of 02 posts in Senior Management level, 02 posts in Medium Management level, 04 posts in Primary Management level, 05 posts in the category of Management Assistant – Technical, 14 posts in the level of Management Assistant and 25 posts of Primary level. No action had been taken to formally fill these vacancies as required and no appointment had been made on acting basis for the posts of Chief Medical Officer, Work Supervisor and Machine Operator for years on end.

(J) Although the Department of Management Services had approved a revised Scheme of Recruitment for the Corporation in 09 categories of service, all officers recruited to the posts coming under those service categories had been confirmed in service without conducting an Efficiency Bar Examination as specified in the Scheme of Recruitment.

(K) Although and amount of Rs. 1,808,795 had been spent to develop and erect the perimeter fence in Anuradhapura Herbal Garden, that land had not been formally taken over to the Corporation.

(L) Although every public institution should adhere to 2030 agenda of the United Nations on Sustainable Development, the Corporation had not acted with a sufficient understanding of the way it should operate on functions coming under its purview during the year under review. Accordingly, no action had been taken to identify sustainable development objectives, targets and junctures to reach those targets as well as indices to measure the level of reaching those targets pertaining to functions of the organization in terms of 2030 agenda of the United Nations.

W.P.C. Wickramaratne
Auditor General

SRI LANKA AYURVEDIC DRUGS CORPORATION

STATEMENT OF FINANCIAL POSITION

As at 31st December 2020

	Note	31.12.2020	31.12.2019
ASSETS		**Rs. Cts.**	Rs. Cts.
Non Current Assets			
Property, Plant and Equipment	**04**	1,087,891,437.12	1,121,632,640.05
Work in Progress	**05**	13,953,205.06	13,953,205.06
Staff Loans	**06**	13,187,659.62	13,803,938.07
Deferred Taxation		1,804,601.00	1,804,601.00
Anuradhapura Building 5 Year Agreement	**07**	497,321.24	994,642.47
		1,117,334,224.04	1,152,189,026.65
Current Assets			
Inventories	**08**	208,371,166.66	181,182,362.43
Staff Loans	**06**	16,419,330.60	13,706,915.79
Gold Stocks		11,058,378.38	8,395,624.20
Margin Account		21,120,070.62	19,674,066.73
Miscellaneous Deposits	**09**	2,893,740.00	2,497,740.00
Short Term Investments in Fixed Deposits	**10**	164,512,175.52	151,018,500.23
Trade Debtors	**11**	113,965,665.18	203,040,257.64
Excess Cash received from trade Creditors		5,038.00	273.00
Pre-payments & Advances	**12**	17,358,403.94	8,800,060.99
Saving Account-People's Bank		4,210,243.32	3,402,049.79
Cash & Cash Equivalents	**13**	132,700,926.86	61,192,791.75
		692,615,139.08	652,910,642.55
Total Assets		**1,809,949,363.12**	1,805,099,669.20
FUNDS & LIABILITIES			
Contributions			
Subscribed Capital		5,000,000.00	5,000,000.00
		5,000,000.00	5,000,000.00
External Contributory	**14**		
General Treasury		317,518,552.85	337,044,677.50
W.H.O.		3,994,341.00	3,994,341.00
Ayurvedic Experimental Institute		761,274.00	761,274.00
		322,274,167.85	341,800,292.50
Reserves	**15**		
Capital Reserve		1,923,741.00	1,923,741.00
Revaluation Reserves		766,658,227.32	766,658,227.32
Revaluation Reserve of gold stock		9,216,733.38	6,553,979.20
Foreign Exchange Reconciliation Reserves		19,523.00	19,523.00
Retained Earnings		513,246,950.24	498,236,366.13
		1,291,065,174.94	1,273,391,836.65
		1,618,339,342.79	1,620,192,129.15
Liabilities			
Non-Current Liabilities			
Allocation for Provisions	**16**	14,926,610.82	10,230,657.19
Bank Loans- People's Bank		24,000,000.36	27,415,500.53
Retirement Benefit Obligations	**17**	34,547,501.14	39,038,256.34
		73,474,112.32	76,684,414.06
Current Liabilities			
Trade Creditors		53,633,163.42	48,412,314.17
Excess Cash Received From Trade Debtors		441,109.54	341,645.13
Accrued Expenses	**18**	23,819,449.91	21,551,064.93
Other Current Liabilities	**19**	11,918,684.80	10,509,269.42
Provision for Taxation	**20**	9,323,500.38	6,070,832.42
National Health Development Fund		15,000,000.00	15,000,000.00
Bank Loan - People's Bank		3,999,999.96	6,337,999.92
		118,135,908.01	108,223,125.99
Total Funds & Liabilities		**1,809,949,363.12**	1,805,099,669.20

SRI LANKA AYURVEDIC DRUGS CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2020

	Note	2020 Rs. Cts.	2019 Rs. Cts.
Sales	23	676,304,359.11	705,623,345.86
Less: Cost of Sales	24	471,829,805.62	485,228,586.58
Gross Profit / (Loss)		**204,474,553.49**	220,394,759.28
Other Income / (Expenses)	25	(1,104,578.68)	3,980,794.30
		203,369,974.81	224,375,553.58
Less: Administration & Establishment Expenses	26	135,101,872.18	150,802,560.37
Sales & Distribution Expenses	27	70,543,563.08	80,316,744.91
		205,645,435.26	231,119,305.28
Surplus from Operating Activities		**(2,275,460.45)**	(6,743,751.70)
Net Financial Income / (Expenses)	28	11,739,030.70	9,890,560.82
Net Surplus before Tax		**9,463,570.25**	3,146,809.12
Less: Income Tax Expenses	29	3,359,179.42	2,498,605.45
Net Surplus after Tax		**6,104,390.83**	648,203.67
Less: Deemed Dividend Tax		-	-
		6,104,390.83	648,203.67
Other Comprehensive Income			
Asset Revaluation Gains/ (Losses)		-	-
Total Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		**6,104,390.83**	648,203.67

The Significant Accounting Policies and Notes form an Integral part of these Financial Statements.

Figures in brackets indicate deductions.

Asst. Genaral Manager (Finance)
Sri Lanka Ayurvedic Drugs Corporation,
No : 94, Nawinna,
Maharagama.

DHAMMIKA PADUKKA
GENERAL MANAGER
Sri Lanka Ayurvedic Drugs Corporation
No.94, Old Kottawa Road,
Nawinna, Maharagama.

SHANTHA LIYANAGE
Managing Director
SRI LANKA AYURVEDIC DRUGS CORPORATION
No 94, Old Kottawa Road, Nawinna,
Maharagama, Sri Lanka

SAGALA ABHAYAWICKREME, Attorney-at-Law
CHAIRMAN
Sri Lanka Ayurvedic Drugs Corporation
No: 94, Old Kottawa Road, Nawinna,
Maharagama, Sri Lanka.

SRI LANKA AYURVEDIC DRUGS CORPORATION

STATEMENT OF COST OF PRODUCTION

For the year ended 31st December 2020

	Note	2020 Rs. Cts.	2019 Rs. Cts.
Consumption of Raw Materials			
Opening Stock		52,585,964.45	59,089,745.20
Add:Purchases		255,816,105.25	241,164,197.45
		308,402,069.70	300,253,942.65
Less: Stock Damages		-	-
		308,402,069.70	300,253,942.65
Less: Closing Stock		70,360,761.00	52,585,964.45
Cost of Consumption of Raw Materials		**238,041,308.70**	247,667,978.20
Consumption of Packing Materials			
Opening Stock		14,487,204.00	14,508,262.44
Add: Purchases		45,365,988.33	36,355,790.08
		59,853,192.33	50,864,052.52
Less: Closing Stock		21,824,951.00	14,487,204.00
Cost of Consumption of Packing Materials		**38,028,241.33**	36,376,848.52
Cost of Consumption of Burn Oil			
Opening Stock		1,022,400.00	857,900.00
Add: Purchases		19,936,212.00	17,907,896.00
		20,958,612.00	18,765,796.00
Less: Closing Stock		607,200.00	1,022,400.00
Cost of Consumption of Burn Oil		**20,351,412.00**	17,743,396.00
Direct Labour Expenditure	**21**	97,446,171.69	98,706,128.50
Prime Cost		**393,867,133.72**	400,494,351.22
Factory Overhead Cost			
Indirect Expenses	**22**	77,443,371.10	73,954,498.23
Add: Opening Unfinished		11,832,178.00	30,585,212.94
Less: Closing Unfinished		15,108,788.00	11,832,178.00
		468,033,894.82	493,201,884.39
Total Manufacturing Cost of the year carried forward to the Statement of Comprehensive Income		**468,033,894.82**	493,201,884.39

SRI LANKA AYURVEDIC DRUGS CORPORATION

STATEMENT OF CASH FLOWS

For the year ended 31st December 2020

	2020	2019
	Rs. Cts.	Rs. Cts.
Cash Flow from Operating Activities		
Net Profit Before Taxation	9,463,570.25	3,146,809.12
Adjustments for		
Allocations for Provisions	4,695,953.63	2,539,402.40
Depreciation	52,052,441.11	51,112,651.00
Amortization Treasury Funds (depreciation)	(24,526,124.65)	(20,551,607.68)
Employee Benefit Adjustments	6,132,810.50	4,209,133.00
Prior Year Adjustments	8,906,193.28	15,959,385.67
Amortization Anuradhapura Building Agreement	497,321.23	497,321.23
	57,222,165.35	56,913,094.74
Profit before changing the working capital		
(Increase) / Decrease Inventories	(27,188,804.23)	17,061,109.74
(Increase) / Decrease Staff Loans	(2,096,136.36)	(4,822,269.61)
(Increase) / Decrease Pre-payments & Advances	(8,558,342.95)	737,900.79
(Increase) / Decrease Miscellaneous Deposits	(396,000.00)	(939,975.00)
(Increase) / Decrease Trade Debtors	89,074,592.46	(15,029,096.15)
Increase / (Decrease) Trade Creditors	5,220,849.25	11,620,522.62
Increase / (Decrease) Fixed Registration Fees	-	-
Increase / (Decrease) Other Current Liabilities	1,409,415.38	(10,117.28)
Increase / (Decrease) Accrued Expenses	2,268,384.98	(14,510,464.88)
Increase / (Decrease) Revaluaton	-	8,025.00
Increase / (Decrease) Excess cash received from trade Creditors	(4,765.00)	-
Increase / (Decrease) Excess cash received from trade Debtors	99,464.41	45,760.47
	117,050,823.29	51,074,490.44
Less: Gratuity Paid	(10,623,565.70)	(5,345,560.74)
Tax Paid	(106,511.46)	(7,568,779.07)
Net Cash flows from Operating Activities	**106,320,746.13**	38,160,150.63
Cash flows from Investment Activities		
Acquisition of PPE	(18,311,238.18)	(17,500,439.95)
Investment in Work in Progress	-	(11,653,489.71)
Investment in Fixed Deposits	(13,493,675.29)	(12,807,673.17)
Investment in Margin Account	(1,446,003.89)	(14,525,687.24)
Net cash flow from Investment Activities	**(33,250,917.36)**	(56,487,290.07)
Cash flow from Financial activities		
Cash Received from Treasury	5,000,000.00	-
Grant / (Repayments) Bank Loan	(5,753,500.13)	(6,337,999.92)
N.H.D.F.	-	-
Net cash flow from Financial Activities	**(753,500.13)**	(6,337,999.92)
Net Increase / (Decrease) in Cash & Cash Equivalents	**72,316,328.64**	(24,665,139.36)
Cash & Cash Equivalent at beginning of year	64,594,841.54	89,259,980.90
Cash & Cash Equivalent at end of year	**136,911,170.18**	64,594,841.54

	2020	2019
	Rs. Cts.	Rs. Cts.
Peoples' Bank- Gangodawila- A/C No. 97100-182315453	38,749,766.37	10,743,418.56
Peoples' Bank- Gangodawila- A/C No. 97100-272315453	23,979,132.31	12,690,776.53
Bank of Ceylon- Institution's Branch- A/C No.00001209	65,333,027.89	35,752,029.91
Saving A/C	4,210,243.32	3,402,049.79
Peoples' Bank- Gangodawila- A/C No. 97200-432315453	4,639,000.29	2,006,566.75
	136,911,170.18	64,594,841.54

SRI LANKA AYURVEDIC DRUGS CORPORATION

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2020

	Stated Capital	Government Treasury	W.H.O	Ministries & Gov.Institution	Capital Reserve	Revaluation Reserves	Revaluation Reserve Of Gold Stock	Foreign Currency Escalation Reserves	Retained Earning	Total
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Balance as at 01.01.2020	**5,000,000.00**	**337,044,677.50**	**3,994,341.00**	**761,274.00**	**1,923,741.00**	**766,658,227.32**	**6,553,979.20**	**19,523.00**	**498,236,366.13**	**1,620,192,129.15**
Prior year Adjustment	-	-	-	-	-	-	-	-	8,906,193.28	**8,906,193.28**
<u>During the year Adjustment</u>										
Fund Received for year	-	5,000,000.00	-	-	-	-	-	-	-	**5,000,000.00**
Amortization of Tresury fund	-	(24,526,124.65)	-	-	-	-	-	-	-	**(24,526,124.65)**
Revaluation amount of gold stock	-	-	-	-	-	-	2,662,754.18	-	-	**2,662,754.18**
Total Comprehensive income for the year	-	-	-	-	-	-	-	-	6,104,390.83	**6,104,390.83**
Balance as at 31.12.2020	**5,000,000.00**	**317,518,552.85**	**3,994,341.00**	**761,274.00**	**1,923,741.00**	**766,658,227.32**	**9,216,733.38**	**19,523.00**	**513,246,950.24**	**1,618,339,342.79**

The Significant Accounting Policies and Notes form an Integral part of these Financial Statements.

Figures in brackets indicate deductions.

SRI LAN-KA AYURVEDIC DRUGS CORPARATION
NO 94, OLD KOTTAWA ROAD, NAWINNA,MAHARAGAMA.
NOTES TO THE FINANCIAL STATEMENTS – 2020

1. GENERAL INFORMATION

Sri Lanka Ayurvedic Drugs Corporation (SLADC) was incorporated in 1969 by the government extra ordinary gazette notification No.14853/1 dated 11 May 1969 under the provision of State Industrial Corporation Act.No. 49 of 1957. The registered office of the Corporation is located at No.94,Old Kottawa Road,Nawinna,Maharagama.

Principal Activities and Nature of Operations

The principal activities of the Corporation is manufacturing of Ayurvedic Drugs and Pharmaceuticals and Marketing those to government hospitals, Ayurvedic Physicians and the private sector.

The staff strength of the SLADC as at 31st December **2020** is **326** (2019-338)

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes ("financial statements") have been prepared in accordance with new Sri Lanka Accounting Standards (SLFRS / LKAS) as laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Financial Regulations formulated by Sri Lankan Government.

The financial statements were authorized for issue by the board of directors on the 16th of July 2020. (Board decision number 13635)

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis.

No adjustments have been made for inflationary factors in the financial statements.

2.3 Going Concern

Board of Directors have made an assessment of the SLADC's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of Corporation's activities.

2.4 Comparative Information

The presentation and classification of the financial statements of the previous years have been amended where relevant for better presentation and to be comparable with those of the current year.

2.5 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities income and expenses.

Judgments and estimates are based on historical experience, trends and other factors including expectations that are believed to be reasonable under the circumstances. Accordingly, the actual results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis to ensure the validity of the same. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are included in the following notes:

2.6 Foreign Currency Transaction

(a) Functional and Presentation Currency

Items included in these financial statements of the corporations are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sri Lanka Rupees (LKR), which is the Corporation's functional and presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

03. SIGNIFIACANT ACCOUNTING POLICIES.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Assets and the Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash during the normal operating cycle of the Corporation's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Corporation intends to hold beyond a period of one year from the reporting date.

3.1.1 Property, Plant and Equipment

3.1.1.1 Recognition and Measurement

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.
The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Carrying amounts of property plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of an item of property, plant and equipment are determined as different between the proceeds from disposal and the carrying amount of property, plant and equipment, and are recognized under other income in the statement of comprehensive income.

3.1.1.2 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.1.1.3 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition are recognised within other income in profit & loss.

3.1.1.4 Renovation cost of Anuradhapura building

Renovation cost of Anuradhapura building is recognized as expense through the period of 5years. (Property has been transferred to SLADC for the period of 5 years)

3.1.1.5 Bad and doubtful debt

Bad Debt

Bad debt recognizes as an expense in the profit and loss account when certain that amount cannot be recovered

Doubtful debt

Doubtful debt recognizes as an expense in the profit or loss account as per the percentage of outstanding debts **.**25% from total debtors is recognized as a doubtful debtor.

3.1.1.6 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset. The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income.

3.1.1.7 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.
Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term. Land is not depreciated. There are no leased assets relating to this corporation.

The estimated useful lives and rates of depreciation for the current and comparative periods are as follows:

Assets Category	Useful Life (Years)	Depreciation Rate (%)
Building	20 Years	5%
Machinery	06.66 Years	15%
Water Supply Equipments	06.66 Years	15%
Laboratory Equipments	06.66 Years	15%
Office Equipments	10Years	10%
Motor Vehicles	05 Years	20%
Tools & Equipments	03 Years	33.33%

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.1.1.8 Capital Work in Progress

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

3.1.1.9 Financial Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation’s receivables from customers and related parties.

The Corporation establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation’s reputation.

3.1.1.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Company did not value the stocks by using the NRV Because of this kind due of circumstances not found. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion cost and other costs incurred in bringing them to their existing location and condition. Company use the WAC formula to value the stock year 2020.Due to non availability formula in the year 2020.Stock value based on the following method. (Opening Stock +Closing Stock) / 2.Year 219 RS. 2,176,115.16 worth of damage stock did not taken in to stock in year 2020.Above stock has been included to closing stock.to eliminate the effect it included into the opening stock.

3.1.1.11Trade Receivables

The Corporation recognizes trade receivables as financial assets in its statement of financial position when, and only when, the Corporation has a contractual right to receive cash or another financial asset.

Trade receivables are amounts due from customers for commodities sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business) they are classified as current assets. If not, they are presented as non-current assets.

Trade receivable is carried at anticipated realizable value and estimates are made for doubtful receivable based on a review of all outstanding amounts at the yearend after considering outstanding period more than one year. Bad debts are written off during the year in which they are identified.

A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the contractual right.

3.1.1.12Cash & Cash Equivalents

Cash & Cash Equivalent are defined as cash in hand, demand deposits and short term highly liquid investments. For the purpose of Cash Flow Statement, Cash & Cash Equivalent consist of Cash in hand, deposits in banks & net of outstanding bank overdrafts.

3.2 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 reporting date. Non-current liabilities are those balances that fall due for payment after one year from reporting date. All known liabilities have been accounted for in preparing these Financial Statements.

A provision is recognized if, as a result of a past event the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

3.2.1 Contributions Received from General Treasury

The accumulated fund includes the total of all amounts received from Government in respect of the financing of Fixed Assets.

3.2.2 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. However, no borrowings as at the reporting date.

3.2.3 Employee Benefits

(a) Defined Benefit Plan

Defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Corporation has adopted a defined benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognized past service cost. The defined benefit obligation is calculated annually by the Company using the projected unit credit method prescribed in Sri Lanka Accounting Standard 19; Employee Benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in statement of comprehensive income, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

Under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.
The key assumptions used in determining the Retirement Benefit Obligations are given in Note 13.

(a). I
Assumption related to calculation of retirement benefits
Discount rate is 12%
Staff turnover is 0%
Salary increment rate is 5%
Retirement age is 60 years

(b) Defined Contribution Plan – EPF & ETF

All employees who are eligible for the Employee Provident Fund (EPF) and Employees Trust Fund (ETF) contribution are covered by relevant contribution fund in line with respective statutes and Regulation.
EPF & ETF covering the employees are recognized as expenses in the statement of comprehensive income in the period in which it is incurred.

3.2.4 Government Grants
Government grants are recognized where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, the grant is deducted in arriving the carrying amount of the asset. When the grants related 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 are intended to compensate.

3.2.5 Trade Payables
The Corporation recognizes trade payables as financial liabilities in its statement of financial position when, and only when, the Corporation has a contractual obligation to deliver cash or another financial asset.
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business) if longer, they are presented as non-current liabilities.
Trade payables are recognized initially at fair value.

3.2.6 Capital Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non occurrence of uncertain future events, which are beyond the Company's control.

All material Capital Commitments and Contingent Liabilities are disclosed in Note 29.

3.3 Statement of Comprehensive Income

For the purpose of presentation of the Statement of Comprehensive Income the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 – Presentation of Financial Statements.

3.3.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes. The following specific recognition criteria must also be met before revenue is recognized.

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(b) Rendering of Services

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

(c) Interest Income

Interest income is recognized on effective interest method.

(d) Other Income

Other income is recognized on an accrual basis.

(e) Disposal of Property, Plant and Equipments

Profit / (loss) from sale of property, plant and equipment is recognised in the period in which the sale occurs and the delivery order is issued.

3.3.2 Expenditure Recognition

(a) Revenue Expenditure

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 business and the maintaining the capital assets in the state of efficiency, has been charged to revenue in arriving at the profit or loss for the year.

(b) Capital Expenditure

Expenditure incurred for the purpose of squaring, extending or improving Assets of a permanent nature by means of which to carry on the business or for the purpose of increasing capacity of the business has been treated as capital expenditure.

(c) Net Finance Income / Expenses

Finance income comprises interest income on funds invested and staff loans, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(d) Tax Expense

Income Tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, when it is recognized in equity.

Current Taxes

Current tax expense for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

Component	2020
Tax Rate	24%
Current Tax Expenses	3,359,179.42
Taxable Income	14,023,712.01

3.4 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is being charged or not.

Transactions with related entities

There are no any related entities of Sri Lanka Ayurvedic Drugs Corporation.

3.5 Statement of Cash Flows

Statement of cash flows has been prepared using “Indirect Method”.

3.6 Earnings per Share

The Company presents Basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.7 Events after the Reporting Date

Events after the reporting date are events, favorable and unfavorable, that occur between the end of the reporting period and the date the financial statements were authorized for issue.

Those events have been considered and where necessary appropriate adjustments or disclosures have been made in the financial statements. There are no any events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

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3.8 Responsibility for the Financial Statements

The Board of Directors of SLADC is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and marking accounting estimates that are reasonable in the circumstances.

3.9 Related party Disclosers

The corporation stated in transactions in the ordinary course of business with the parties who are defined as related parties in sri lanka Accounting Standard – LKAS 24(Related Party Disclosures), The details of which are the below.

E.P.F No	Name	Position	Salary (Annual)(RS)
1496	B.Sagala Abewickrama	Chairman	1,032,000.00
1796	L.R.D.Shantha Kumara	Managing Director	852,000.00
1131	Mr.K.D.M.Arjuna Chandrasekra	General Manager(Acting)& AGM-Factory	2,330,940.00
1436	M.G.Gayan Thakshila	AGM-Finance	1,997,400.00
Total Paid Emoluments			**6,212,340.00**

Short term and long term benefit of higher management

Sort term benefits

01) Salary
02) Vehicle allowance
03) Fuel allowance
04) Telephone allowance
05) Production incentive

Long term benefits

Gratuity is allowed for higher management except Chairman and Managing Director.

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 04 - PROPERTY, PLANT & EQUIPMENT

	Land	Building	Machinery	Water Supply Equipments	Laboratory Equipments	Office Equipments	Motor Vehicles	Tools & Equipments	Total
Cost									
Balance as at 1st January 2020	636,000,000.00	410,849,363.81	114,560,537.08	16,095,601.50	808,430.30	28,454,693.86	39,910,767.42	4,431,520.85	1,251,110,914.82
Additions	-	1,800,589.95	13,556,225.88	-	-	2,871,616.75	-	82,805.60	18,311,238.18
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2020	**636,000,000.00**	**412,649,953.76**	**128,116,762.96**	**16,095,601.50**	**808,430.30**	**31,326,310.61**	**39,910,767.42**	**4,514,326.45**	**1,269,422,153.00**
Accumulated Depreciation									
Balance as at 1st January 2020	-	45,710,437.09	41,917,455.06	6,990,252.55	337,995.70	5,527,226.83	24,950,298.08	4,044,609.46	129,478,274.77
Charge for the Year 2020	-	20,626,822.16	18,278,352.96	2,414,340.23	121,264.55	2,956,382.03	7,330,760.08	324,519.10	52,052,441.11
Dep for the Disposal	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2020	-	**66,337,259.25**	**60,195,808.02**	**9,404,592.78**	**459,260.25**	**8,483,608.86**	**32,281,058.16**	**4,369,128.56**	**181,530,715.88**
Carrying Value as at 31st December	**636,000,000.00**	**346,312,694.51**	**67,920,954.94**	**6,691,008.72**	**349,170.05**	**22,842,701.75**	**7,629,709.26**	**4,514,326.45**	**1,087,891,437.12**

Note:five vehicles had not been revaluation due to repair in garage. This vehicle will be revaluated when the entire class of vehicles revaluation.These are conducted 32-3256,301-9414,49-9077,Teller -Bower 738452 & Teller - Bowser 738453

The Significant Accounting Policies and Notes form an Integral part of these Financial Statements.
Figures in brackets indicate deductions.

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 05 - WORK IN PROGRESS

	31.12.2020	31.12.2019
	Rs. Cts.	Rs. Cts.
New Store Complex-Nawinna	-	-
Rajarata Factory	1,808,795.35	1,808,795.35
New Store Complex-Pathiragoda	12,144,409.71	12,144,409.71
	13,953,205.06	13,953,205.06

NOTE 06 - STAFF LOAN

06.1 - Loans given to employees

	Rs. Cts.	Rs. Cts.
Balance at the beginning of the year	27,510,853.86	22,688,584.25
Loans granted during the year	20,144,836.01	20,641,261.88
Loans recovered during year	18,048,699.65	15,818,992.27
	29,606,990.22	27,510,853.86
Transfer to prepaid staff benefits	-	-
Balance at the end of the year	**29,606,990.22**	27,510,853.86

06.2 - Prepaid staff benefits

Balance at the beginning of the year	-	-
Additions during the year	-	-
Amortization	-	-
Balance at the end of the year	-	-
Non Current		
Loans given to employees	-	-
Prepaid staff benefits	-	-
	13,187,659.62	13,803,938.07
Current		
Loans given to employees	-	-
Prepaid staff benefits	-	-
	16,419,330.60	13,706,915.79
Total	**29,606,990.22**	27,510,853.86

	Distress	Distress
Sri Lanka Ayurvedic Drugs Corporation	4.2%	4.2%
Market Interest Rate	12%	12%

Note 07-Anuradhapura Building 5 Year Agreement

Expenses need to be recognize in the comprehensive Income Statement as per the relevant portion for the financial year.Balance amount is recognized trough out the period with effect the expense.

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 08 - INVENTORIES

	31.12.2020	31.12.2019
	Rs. Cts.	Rs. Cts.
Raw Materials Stock	70,360,761.00	52,585,964.45
Finished Drugs Stock	96,833,831.83	98,684,983.00
Packing Material	21,824,951.00	14,487,204.00
Work in Progress	15,108,788.00	11,832,178.00
Stationary Stock	3,431,500.83	2,319,609.98
Burnt Oil Stock	607,200.00	1,022,400.00
Machinery Spare Parts Stock	204,134.00	250,023.00
	208,371,166.66	181,182,362.43

NOTE 09 - MISCELLANEOUS DEPOSITS

	Rs. Cts.	Rs. Cts.
Sales Centre Rent Deposits	1,841,975.00	1,541,975.00
Store Rent Deposits	517,500.00	421,500.00
Telephone Deposits	26,765.00	26,765.00
Fuel Deposits	235,000.00	235,000.00
Legal Deposits	262,000.00	262,000.00
Other Deposits	10,500.00	10,500.00
	2,893,740.00	2,497,740.00

NOTE 09.1 - SALES CENTRE RENT DEPOSITS

	Rs. Cts.	Rs. Cts.
Galle Sales Centre(Mrs. Padmini Jayanthi)	195,000.00	195,000.00
Monaragala Poshana Mandiraya(COA)	36,000.00	36,000.00
Aluthgama Sales Centre	421,000.00	421,000.00
Anuradhapura Sales Centre	-	-
Mathale Sales Centre	1,189,975.00	889,975.00
	1,841,975.00	1,541,975.00

NOTE 09.2 - STORE RENT DEPOSITS

	Rs. Cts.	Rs. Cts.
No.007 Store- Mr.Chaminda Jayanath	100,000.00	100,000.00
No.006 Store- Mrs. G.T.Pemawathi	96,500.00	96,500.00
Monaragala Collecting Centre-Mr.M.G.A.Layanal	225,000.00	225,000.00
Beruwala Sales centre-Beruwala Multy corporative Society	96,000.00	-
	517,500.00	421,500.00

NOTE 09.3 - FUEL DEPOSITS

	Rs. Cts.	Rs. Cts.
Corporative (Pvt) ltd	35,000.00	35,000.00
Petro Gas (Pvt) Company-Maharagama	100,000.00	100,000.00
Corporative (Pvt) ltd(Anuradhapura)	50,000.00	50,000.00
Nikawaratiya Co-operative Society Limited	50,000.00	50,000.00
	235,000.00	235,000.00

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 09.4 -LEGAL DEPOSITS

	31.12.2020	31.12.2019
	Rs. Cts.	Rs. Cts.
District Court- Colombo	252,000.00	252,000.00
Paul & Rathnayaka Company	10,000.00	10,000.00
	262,000.00	262,000.00

NOTE 09.5 -OTHER DEPOSITS

	Rs. Cts.	Rs. Cts.
Ceylon Electricity Board (Sales Centre- Jaffna)	1,500.00	1,500.00
Ceylon Electricity Board (Sales Centre- Monaragala)	1,500.00	1,500.00
National Water Supply & Distribution Board	2,500.00	2,500.00
Ceylon Electricity Board (Floating Market)	3,000.00	3,000.00
Ceylon Electricity Board (Railway Station)	2,000.00	2,000.00
	10,500.00	10,500.00

NOTE 10- SHORT TERM INVESTMENTS IN FIXED DEPOSITS

	Rs. Cts.	Rs. Cts.
People's Bank- 976-0010000032235	3,302,536.99	3,028,456.32
People's Bank- 976-0010000057253	2,175,091.96	1,959,010.43
People's Bank -976-001000129729	2,563,462.86	2,308,799.15
BOC- 8868064	2,618,751.97	2,364,561.60
BOC- 82822094	58,938,164.55	55,679,177.82
BOC- 82822290	94,914,167.19	85,678,494.91
	164,512,175.52	151,018,500.23

NOTE 11 - TRADE DEBTORS

	Rs. Cts.	Rs. Cts.
Trade Debtors	114,251,293.41	203,549,379.83
Less- Provision for bad and doubtful debts	285,628.23	509,122.19
	113,965,665.18	203,040,257.64

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 12 - PRE PAYMENTS & ADVANCES

		31.12.2020 Rs. Cts.	31.12.2019 Rs. Cts.
General Advances	12.1	580,324.28	290,213.21
Rent Advances		271,126.00	271,126.00
Receivable Loss for Officer's		127,994.94	185,992.95
Sale Income Receivable	12.2	3,324,564.02	1,804,703.92
Petty Cash Advances		62,801.00	20,632.50
Festival Advances		64,250.00	71,750.00
Capital Work in Progress - Advances to WHO		3,000,000.00	3,000,000.00
Purchase Advance		-	-
Educational Special Advance		-	-
General Expenses Advance		9,927,343.70	3,146,749.87
Receivable Amount of Telephone Bill-Managing Diector		-	2,041.38
Receivable Amount of Telephone Bill-Chairman		-	6,851.16
		17,358,403.94	8,800,060.99

NOTE 12.1 - GENERAL ADVANCES

	Rs. Cts.
1131-Mr.K.D.M.A.Chandrasekara	12,500.00
1109-Mr.A.J.Ranjith Fernando	14,000.00
1074-Mrs.A.S.P.Dilani Tennakon	3,500.00
1413-Mr.Sriyantha Thiswra	48,139.00
1143-Mr.P. G.Dahanayaka	12,000.00
1428-Mr.D.W.D.Kumudu Jayalal	20,000.00
1307-Mr.K.G.Thilkarathne	10,000.00
1177-Mr.Barnad kariyawasam	(5,000.10)
1230-Mr.K.M.Nimalsiri Udayanga	24,600.00
1373-Mr.Laith Ganaga kumara	15,000.00
914-Mr.D.Lal Ranasinghe	8,250.00
1213-Mr.W.Sivantha Perrea	24,500.00
1387-Mr.H.B.Tharanga Deshapriya	3,055.00
1338-Mr.P.K.Suminda Udyakumara	23,825.00
1086-Mr.Indika Kodithuwakku	31,284.00
1420-Mr..H G D M N Gamage	(24,719.79)
1490-Mr.Chinthaka Chathuranga	19,489.66
1306-Mr.Dinesh Chinthaka	10,000.00
1492-Miss.T.W.D.Lumesha Ruwanthi	5,000.00
1292-Mr.Kalum Pathirawasam	1,175.51
1360-Miss.Ashara Jayasinghe	1,452.00
1085-Mr.Hemantha Kasththuriarachchi	376.00
1462-Miss.R.Rameesha Supuni	5,000.00
1354-Mrs.W.A.D.Iresha Dlhani	3,299.00
1431-Mr.Sajith Hasaranga	2,400.00
1498-Mr.Naveen Wageesha Karunasena	36,889.00
1123-Mr.Padeep Basnayaka	5,000.00
1418-Mr.Jagath Wasantha	6,500.00
1266-Mr.W.H.Nalinda	10,000.00
1445-Mr.Damith Jayantha	18,759.00
1438-Sameera Kumara	14,200.00
1419-Pushpika Aththanayaka	100,000.00
1118-Mr.Nirman Gunarathne	5,000.00
1003-Mrs.M.Nilmini gunasekra	99,959.00
1117-Shantha Obesekera	14,892.00
	580,324.28

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 12.2 - SALES INCOME RECEIVABLE

	31.12.2020	31.12.2019
	Rs. Cts.	Rs. Cts.
Wijerama Sales Centre	105,846.25	27,263.75
Anuradhapura Seles Centre	17,851.25	456,649.92
Baththaramulla Sales Centre		
Kandy Sales Centre	10,565.00	47,156.25
Baddulla Sales Centre	2,935.00	-
Sethsiripaya Sales Centre	50,000.00	-
Jaffna Sales Centre	1,038,101.00	406,386.75
Galle Sales Centre	525,211.25	2,000.00
Pettah Sales Centre	357,747.00	-
Rathnapura Sales Centre	125,576.25	155,363.75
No 8.Store	-	38,490.00
Nawinna Sales Centre	554,668.00	137,398.25
Monaragala Sales Centre	45,427.50	-
Mathara Sales Centre	16,876.25	3,105.00
Borella Sales Centre	33,372.50	30,692.50
Mathale Sales Centre	54,233.00	158,982.50
Aluthgama Sales Centre	-	306,998.00
Ja-ela Sales Centre	50,063.75	16,717.50
Diyathalaya Sales Centre	14,035.00	1,305.00
Western Province Council Sales Centre	5,695.50	16,194.75
Beruwala Sales centre	36,758.75	-
Anurdhapura Sales centre	279,600.77	-
	3,324,564.02	1,804,703.92

NOTE 13 - CASH & CASH EQUIVALENTS

	Rs. Cts.	Rs. Cts.
People's Bank- Gangodawila- A/C No. 97100-182315453	38,749,766.37	10,743,418.56
People's Bank- Gangodawila- A/C No. 97100-272315453	23,979,132.31	12,690,776.53
Bank of Ceylon- Institution's Branch- A/C No.00001209	65,333,027.89	35,752,029.91
Seven Day Notice Deposits	-	-
People's Bank- Gangodawila- A/C No. 97200-432315453	4,639,000.29	2,006,566.75
	132,700,926.86	61,192,791.75

NOTE 14 - EXTERNAL CONTRIBUTORIES

General Treasury

The accumulated fund includes the total of all amounts received from Government in respect of the financing of fixed assets less the amortized value of the depreciable assets purchased from such grants.Government grants is recognize as per capital approach.

World Health Organization (WHO) & Ayurvedic Experimental Institute

This includes grants received for advancement of operations of the Corporation.

NOTE 15 - RESERVES

Revaluation Reserve

Revaluation Reserve arose due to valuation of Gold Stocks on 2019.12.31 by the Valuer in Bank Of Ceylon Cey Bank gold shop.The amount is RS.11,058,378.38.(772g (24K) x 14,324.32) .

Capital Reserve

Company held Capital Reserves for the purpose of maintain high level of financial position and to recover loses due to sale of asset with a loss.

Foreign Exchange Reserve

Foreign Exchange Reservece held to recover for the foreign currency losses

Other Comprehensive Income

Other comprehensive income solely comprises of the annual Actuarial (Gain) / Loss arisen from the Actuarial Valuation of the employee benefits.

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 16- ALLOCATION FOR PROVISIONS

	31.12.2020	31.12.2019
	Rs. Cts.	Rs. Cts.
Bonus		
Damaged Goods		
Audit Fees	2,450,000.00	1,450,000.00
Stock Verification	920,059.00	955,754.00
Production Incentive	-	-
Damaged Goods	11,172,466.42	7,500,000.00
HNDF 10% Contribution	384,085.40	324,903.19
	14,926,610.82	10,230,657.19

NOTE 17 -RETIREMENT BENEFIT OBLIGATIONS

	Rs. Cts.	Rs. Cts.
The amounts recognized in the statement of financial position are determined as follows:		
Balance at the beginning of the year	39,038,256.34	40,174,664.08
Correction	-	20.00
Provision for the year	6,132,810.50	4,209,133.00
Payments during the year	10,623,565.70	5,345,560.74
Liability in the statement of financial position	**34,547,501.14**	39,038,256.34
Current portion of the provision		
Non- Current portion of the provision	6,132,810.50	4,209,133.00

The movement in the defined benefit obligation over the year is as follows:

Balance at the beginning of the year	-	-
Current service cost	-	-
Interest cost	-	-
Actuarial loss /(gain)	-	-
	-	-
Payments / Payable during the year	-	-
Balance as at the end of the year	**34,547,501.14**	39,038,256.34

The amounts recognized in the statement comprehensive income are as follows:

Current service cost	-	-
Interest cost	-	-
Total Included in the staff cost	-	-
Actuarial loss /(gain)	-	-
Total included in statement comprehensive income	**6,132,810.50**	4,209,133.00

The key assumptions used by the managements are as follows.

	2020	2019
Financial Assumptions		
Rate of Interest (net of tax)	9.00%	9.00%
Expected Salary Increment	5.00%	5.00%
Demographic Assumptions		
Staff Turnover Factor	0.00%	0.00%
Retirement age	60 Years	60 Years

The corporation will continue in business as a going concern.

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 18 - ACCRUED EXPENSES

	31.12.2020	31.12.2019
	Rs. Cts.	Rs. Cts.
Vehicle Maintenance	485,691.99	977,564.80
Telephone	232,190.95	200,770.65
Electricity	1,263,840.70	777,001.43
Fuel	364,950.83	458,711.35
Consultancy Charges for Sale Centre	160,500.00	105,950.00
Welfare	47,477.78	62,012.00
Advertising	676,998.00	2,017.56
Medical Leave Payment	-	-
Stamp Duty	359,089.00	333,114.00
Water	249,329.43	205,164.62
Travelling & Subsistence	5,650.00	84,901.00
Maintenance for Office Equipment	36,264.00	67,789.00
Stationery	-	120,300.00
Welfare(Admin)	136,635.00	649,191.00
Sales Centre Rent	645,000.00	1,104,050.00
EPF	3,871,435.81	3,475,167.01
ETF	235,736.07	242,530.39
Cleaning Charges	186,900.00	133,871.81
General Expenses	85,771.00	157,100.00
Purchase of Material	-	18,216.00
Repairs & Maintenance of Machinery	188,268.00	305,373.43
PAYE	18,454.00	-
Gratuity Expenses	419,055.00	15,510.00
Herbal Garden Expenses	277,044.00	244,545.00
New Factory Expenses	-	-
Stock Verification Expenses	21,450.00	-
Insurance Expenses	-	11,534.22
Miscellaneous Purchases - New Factory	-	-
Employee Benefits	-	-
Attendance Allowances	38,426.00	113,440.00
Overtime	3,493,621.04	3,287,428.67
Legal Fees	-	-
Production Allowances	1,335,981.36	3,503,962.06
Purchasing Packing Material	-	1,432,434.22
Salary	3,397,929.32	2,701,287.21
Bonus	4,137,750.00	11,250.00
Tender Board Expenses	-	-
Purchasing of Fixed Assets	23,605.00	170,800.00
Maintenance for Office Building	-	332,748.00
Postage expenses	-	1,341.00
Sales Centre Expenses	1,350,984.63	243,988.50
Travelling chargess administration	2,200.00	-
Raw material expensess (Kolakedha/ Other)	64,874.00	-
Production incentive	6,119.00	-
Accrual leagal fees administration	228.00	-
	23,819,449.91	21,551,064.93

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 19 - OTHER CURRENT LIABILITIES

	31.12.2020	31.12.2019
	Rs. Cts.	Rs. Cts.
Tender Security Deposit	8,492,471.10	7,298,479.37
Payable Deposits	988,006.38	2,896,894.03
Payable Employee Security Deposits	246,576.30	266,576.30
payable festival Advance over recoverd	10,845.01	10,845.01
Payable 10% Retention on LC	2,115,131.30	-
Suspense AC of Distress Loan Advance	24,237.71	24,237.71
Withholding Tax-WHT-Payable	41,417.00	12,237.00
	11,918,684.80	10,509,269.42

NOTE 20 - PROVISION FOR TAXATION

Dividennd Tax	(12,673,956.00)
Provision for Income Tax	18,744,788.42
W.H.T	(6,511.46)
	6,064,320.96
During the year tax-2020	3,359,179.42
Tax Paid	(100,000.00)
	9,323,500.38

NOTE 22.1 - AMORTIZATION

	2020	2019
Land and Buildings	11,117,323.26	12,403,663.57
Machinery	8,339,471.30	8,144,884.12
Laboratory Equipment	3,060.09	3,059.98
	19,459,854.65	20,551,607.67

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 21 - DIRECT LABOUR EXPENSES

	2020	2019
	Rs. Cts.	Rs. Cts.
Salaries & Wages	57,132,569.70	51,356,894.18
Overtime	11,486,241.00	17,362,156.00
Attendance Allowances	1,170,000.00	1,585,293.25
Production Allowances	14,082,926.00	17,870,982.78
Bonus	1,613,250.00	1,476,562.00
Employee Retirement Benefits	2,066,411.52	1,744,152.61
Medical Leave Salaries	2,275,242.00	-
EPF	6,072,869.41	5,963,601.32
ETF	1,546,662.06	1,346,486.36
	97,446,171.69	98,706,128.50

NOTE 22- INDIRECT EXPENSES

		Rs. Cts.	Rs. Cts.
Salaries & Wages		21,227,452.70	19,298,460.97
Overtime		2,461,681.00	2,288,019.00
Attendance Allowances		483,250.00	857,343.75
Production Allowances		4,717,772.00	8,007,309.55
Bonus		523,800.00	704,925.00
EPF		2,319,656.36	2,060,224.25
ETF		582,441.59	515,056.22
Telephone Expenses		128,476.61	72,131.59
Welfare Expense		121,223.00	1,664,961.51
Travelling Expense		7,585.00	7,750.00
Building Maintenance		2,499,921.32	876,950.52
Machinery Mainte. & Repair Cost	**22.1**	3,782,776.44	4,678,829.71
Motor Vehicle Maintenance		-	26,626.25
Electricity Expenses		4,455,470.70	4,664,927.55
Depreciation for Building		9,509,498.90	8,000,155.30
Depreciation for Machinery		9,938,881.66	8,713,784.52
Depreciation for Water Supply Equipment		2,414,340.23	2,409,893.98
Depreciation for Laboratory Equipment		118,204.46	117,436.93
Depreciation for Tools & Equipment		324,519.10	1,452,072.27
Water Expense		1,070,075.66	1,154,904.42
General Expenses		2,106,750.26	1,786,993.72
Rates Expense		638,878.06	170,157.60
Employee Retirement Benefits		3,891,928.51	547,291.43
Stock Verification Expenses		-	280,000.00
Medical Salary		696,718.00	-
Insurance -Building		730,856.93	587,828.34
Fuel M/V 49-9077		16,069.35	6,344.00
Fuel M/V RA-8819		17,220.92	81,536.04
Cleaning Charges		343,915.00	100,380.00
Vehicle Maintenance - M/V 49-9077		7,700.00	760,383.91
Vehicle Maintenance - M/V RA-8819		48,176.00	43,442.00
Insurance - Motor Vehicles		21,777.14	26,016.33
Maintenance of Factory Equipment		-	-
Maintenance of Laboratory Equipment		340,472.95	23,770.42
Cleaning Charges- New Factory Pathiragoda		132,473.58	337,600.00
Telephone Charges - New Factory Pathiragoda		32,608.66	37,114.60
Water Expenses - New Factory Pathiragoda		194,817.57	265,484.05
Electricity Charges - New Factory Pathiragoda		1,505,443.00	1,328,392.50
General Expenses-New Factory Pathiragoda		13,026.44	-
Maintenance of Machinery-New Factory Pathiragoda		17,512.00	-
		77,443,371.10	73,954,498.23

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 22.1 -MACHINERY MAINTENANCE & REPAIR COST

	2020	2019
	Rs. Cts.	Rs. Cts.
Opening Stock (Machine Spare Parts)	250,023.00	259,333.00
Machine Maintenance	3,736,887.44	4,669,519.71
	3,986,910.44	4,928,852.71
Closing Stock (Machine Spare Parts)	(204,134.00)	(250,023.00)
Total Consumption of Machinery Spare Parts	**3,782,776.44**	4,678,829.71

NOTE 23 - SALES

	Rs. Cts.	Rs. Cts.
Credit Sales	458,495,993.31	524,322,969.73
Mobile Sales	22,046,242.40	20,754,679.60
Credit Sales-(Anuradhapura-Mobile)	797,196.39	-
Store No.07-Cash Sales	58,958,828.50	61,305,234.72
Store No.08-Cash Sales (By Agent)	4,673,366.25	156,190.00
Sales for Empty Bottles (7INB)	220,845.00	295,238.00
Cash Sales-Diyathalawa	4,027,849.25	2,652,797.50
Cash Sales-Kandy	9,604,592.25	8,267,720.75
Cash Sales-Anuradhapura	14,962,040.52	17,106,649.79
Cash Sales-Wijerama	7,221,908.50	5,897,552.00
Cash Sales-Nawinna	26,038,736.35	10,665,703.56
Cash Sales-Badulla	4,677,542.00	4,178,858.26
Cash Sales-Rathnapura	4,837,397.50	4,013,014.00
Cash Sales-Pettah	4,031,440.00	4,243,719.75
Cash Sales-Jaffna	11,781,692.40	7,685,983.25
Cash Sales-Galle	6,480,388.50	5,031,007.75
Cash Sales-Sethsiripaya	1,379,986.25	1,847,611.00
Cash Sales-Monaragala	5,463,290.27	3,673,798.15
Cash Sales-Matara	9,468,143.50	6,141,327.00
Cash Sales-Borella	8,088,662.50	7,730,361.00
Cash Sales-Mathale	3,896,774.75	3,514,023.00
Cash Sales-Suwasiripaya	-	-
Cash Sales-Aluthgama	1,073,949.75	3,001,633.25
Cash Sales-Ja-ela	2,260,856.75	2,461,604.50
Cash Sales-Western Province Council	3,923,680.50	675,669.30
Cash Sales-Beruwala	1,892,955.72	-
	676,304,359.11	705,623,345.86

NOTE 24 - COST OF SALES

	Rs. Cts.	Rs. Cts.
Opening Stocks	98,684,983.00	91,124,985.41
Less:Opening Stock Adjustment	2,176,115.16	-
	100,861,098.16	91,124,985.41
Add: Cost of Production	468,033,894.82	493,201,884.39
	568,894,992.98	584,326,869.80
Less: Damaged Stocks	-	-
Less: Donations	(231,355.53)	(413,300.22)
Closing Stocks	(96,833,831.83)	(98,684,983.00)
Cost of Sales	**471,829,805.62**	485,228,586.58

NOTE 24.1 - DONATIONS

Selling Price of Donations	502,125.00	861,349.00
Cost of Donations	**231,355.53**	413,300.22

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 25- OTHER INCOME

		2020	2019
		Rs. Cts.	Rs. Cts.
Service Income-Wijerama		2,243,100.00	3,479,780.00
Service Income-Kandy		348,200.00	592,200.00
Service Income-Anuradhapura		-	-
Service Income-Rathnapura		520,906.00	714,900.00
Service Income-Mathale		13,800.00	43,200.00
Kolakeda Income-Sethsiripaya		145,600.00	745,939.50
Kolakeda Income-Fort		707,150.00	1,655,020.00
Kolakeda Income-Aluthgama		-	114,341.25
Kolakeda Income-Western Province Council		132,713.50	149,244.50
Kolakeda Income-Wijerama		-	32,174.80
Osupan Income-Fort		9,800.00	46,280.00
Green Life Rice Sales Income-Fort		147,450.50	228,220.00
Green Life Rice Discount Income		-	11,565.00
Sundry Income General		404,153.93	3,156,123.92
Late Fees Income		814,831.96	967,629.16
Stocks Shortage Income		72,909.01	138,721.72
Net Non Operating Income/(Expenses)	**25.1**	(7,253,443.58)	(10,958,966.25)
Receipt For Next Year		588,250.00	364,000.00
Event Income		-	200,000.00
Sundry Income Donation(Raw Meterial)		-	901,650.00
		(1,104,578.68)	2,582,023.60

NOTE 25.1 - Net Non operation Income / (Expenses)

	Rs. Cts.	Rs. Cts.
Other Income		
Income Tax Over Provision		
Foreign Exchange Equalization	-	-
Nikawaratiya Herbal Garden	2,197,084.16	1,398,770.70
Dangolla Herbal Garden	343,173.10	-
	2,540,257.26	1,398,770.70
Other Expenses		
Loss of Building Removal		
Loss of Raw Materials		
Loss of Finish Goods		
Nikawaratiya Herbal Garden	3,228,753.70	7,521,587.45
Loss of Rosebary Herbal Garden		
Medawachchiya Herbal Garden	2,655,772.74	2,254,430.80
Dangolla Herbal Garden	3,909,174.40	1,182,948.00
	9,793,700.84	10,958,966.25
	(7,253,443.58)	(10,958,966.25)

NOTE 26 -ADMINISTRATION & ESTABLISHMENT EXPENSES

		Rs. Cts.	Rs. Cts.
Salaries & Wages		64,187,644.00	63,177,090.33
Employee Retirement Benefits		154,201.11	1,791,659.99
Overtime		2,474,290.90	4,274,622.50
Attendance Incentives		826,875.00	1,246,875.00
Production Incentives		8,412,691.00	11,337,104.79
Bonus		1,077,300.00	1,109,250.00
EPF		6,658,765.29	6,621,550.77
ETF		1,633,207.44	1,951,950.04
Un-winding of Pre Paid Staff Benefits		-	-
Travelling & Subsistence		61,291.50	101,531.25
Directors Secretary Fees		-	20,000.00
Legal Fees		665,394.00	102,200.00
Purchase of Stationary	**26.1**	171,827.26	654,998.39
Notice & Advertisement Expenses		36,866.00	1,005,689.50
Insurance Expenses		571,595.24	887,774.93
Welfare	**26.2**	8,588,499.54	12,540,888.80
		95,520,448.28	***106,823,186.29***

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020
NOTE 26 -ADMINISTRATION & ESTABLISHMENT EXPENSES-*cont*

		2020	2019
		Rs. Cts.	Rs. Cts.
		95,520,448.28	***106,823,186.29***
Fuel Expenses		3,587,357.81	4,427,713.25
Maintenance of Motor Vehicles		3,872,388.44	2,712,860.02
General Expenses		2,342,149.25	1,453,606.03
Maintenance of Office Equipments		1,615,482.17	3,471,602.73
Courses & Seminars Fee		-	308,000.00
Professional Service Charges		-	236,013.05
Newspaper Expenses		92,500.00	193,410.00
Postage Expenses		273,388.00	274,535.00
Donations		-	120,000.00
Telephone Expenses		1,084,906.65	1,230,474.27
Audit Fee		1,000,000.00	1,000,000.00
License Expenses		23,955.00	89,281.01
Maintenance of Office Building		225,345.85	716,194.00
Depreciation of Office Equipment		2,956,382.03	2,536,940.24
Stock Verification Allowances		49,250.00	495,000.00
Medical Leave Expenses		2,219,128.00	-
Expenses of Audit & Mgt. Committee Meeting		227,000.00	247,500.00
Directors' Transport Expenses		4,000.00	132,000.00
Board Of Directors' Allowances		567,000.00	329,000.00
Cleaning Expenses		2,000,646.98	2,272,130.70
Transport Expenses- Executive		-	91,885.00
Electricity Expenses		1,695,250.00	1,818,616.10
Police Security Charges		500.00	1,500.00
Printing Expenses		419,529.75	1,214,031.44
Administrative Security Expenses	**26.3**	12,424,686.57	13,402,266.87
Tender Board Meeting Expenses		937,000.00	362,875.00
Stamp Fees		38,175.00	58,965.00
Directors' Board Meeting Expenses		63,564.00	86,179.50
Maintenance of Computer		302,252.00	149,500.00
Maintenance for Telephone		-	65,550.00
Rental - Charges CAE 6633		-	495,000.00
Anuradhapura Regional Office Maintenance		-	-
Rental Charges M/V CAK 2865		-	281,250.00
Anuradhapura building one year portion		497,321.23	497,321.23
Payments for earn leave		281,775.49	88,679.94
Events Expenses		752,989.68	1,368,493.70
Agrahara Insurance Expenses		-	251,000.00
Compensation Expenses		27,500.00	1,500,000.00
		135,101,872.18	150,802,560.37

NOTE 26.1 - CONSUMPTION OF STATIONERY

	Rs. Cts.	Rs. Cts.
Opening Balance	2,319,609.98	1,818,033.18
Purchases During the year	1,283,718.11	1,156,575.19
Closing Balance	(3,431,500.83)	(2,319,609.98)
Stationery Consumption	**171,827.26**	654,998.39

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 26.2 - CONSUMPTION OF WELFARE

	2020 Rs. Cts.	2019 Rs. Cts.
Opening Balance	-	-
Payments During the year(Cleaning,Food & Tea & Funeral Expenses etc....)	8,588,499.54	12,540,888.80
Closing Balance	-	-
Welfare Items Consumption	**8,588,499.54**	12,540,888.80

NOTE 26.3 - ADMINISTRATIVE SECURITY EXPENSES

	Rs. Cts.	Rs. Cts.
Salaries & Wages	5,983,451.92	6,832,284.75
Overtime	4,229,123.00	3,743,594.00
Attendance Incentives	93,500.00	160,500.00
Production Incentives	903,031.00	1,446,223.00
EPF	660,169.32	888,500.16
ETF	165,042.33	182,664.96
Bonus	121,500.00	148,500.00
Medical Leave Expenses	268,869.00	-
	12,424,686.57	13,402,266.87

NOTE 27 - SELLING & DISTRIBUTION EXPENSES

		Rs. Cts.	Rs. Cts.
Salaries & Wages(Stores)		4,775,401.00	4,444,003.53
Attendance Allowances		109,625.00	168,625.00
Production Allowances		1,177,382.00	1,689,597.00
Overtime		6,158,981.00	6,427,747.87
Medical Leave Payments		418,755.00	-
Bonus		273,375.00	154,575.00
EPF (Stores)		522,839.92	472,184.20
ETF (Stores)		131,209.98	118,045.83
Motor Vehicle Maintenance		1,058,885.40	2,019,414.77
Motor Vehicle Insurance		280,786.25	240,477.05
Travelling Expenses		633,263.16	1,250,611.21
Fuel Expenses		2,024,317.27	2,556,270.29
Stock Verification Allowances		-	225,000.00
General Expenses		110,190.00	467,264.56
Advertisement Expenses		1,535,059.50	994,000.00
Transport Expenses		4,850.00	400.00
Employee Retirement Benefits		20,269.36	126,028.97
Donations		231,355.53	413,300.22
Depreciation - Motor Vehicle		7,330,760.08	7,330,760.08
Welfare Expenses		-	25,197.50
Telephone Expenses		135,821.56	115,309.42
Licence Fees		14,530.00	45,050.00
Stall expenses		-	87,785.00
Laboratory Expenses		609,494.00	236,532.00
Legal Fees - S/D		-	-
Damage & Expired goods		623,175.63	1,000,000.00
Stock Shortage		250,000.00	1,500,000.00
Selling & Distribution Sales Centre Expenses	**27.1**	42,113,236.44	48,208,565.41
Punarudaya programme - Loss	**27.2**	-	-
		70,543,563.08	80,316,744.91

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 27.1 - SELLING & DISTRIBUTION -Sales Centre Expenses

	2020	2019
	Rs. Cts.	Rs. Cts.
Salaries & Wages	20,796,061.50	21,527,099.96
Attendance Incentives	525,000.00	721,950.00
Production Incentives	4,303,670.00	6,045,135.00
Medical Leave Expenses	839,683.00	-
Overtime	860,486.78	1,535,890.80
Rent Expenses	7,163,018.95	8,077,644.00
Building Maintenance	4,621.00	25,834.00
EPF	2,254,327.18	2,292,889.64
ETF	579,676.00	571,892.17
Welfare Expenses	548,676.00	727,860.48
Consultancy Expenses	1,753,640.00	3,046,875.00
Traveling & Meal Allowances	61,526.00	92,081.00
Telephone Expenses	280,450.21	426,034.49
General Expenses	252,180.00	143,778.55
Water Expenses	74,426.71	108,991.04
Electricity Expenses	176,928.90	225,439.51
Sales Centre Cleaning Expenses	289,230.00	106,734.40
Purchase of Green Life- Rice	132,895.00	222,670.00
Stationery Expenses	21,667.00	29,044.00
Bonus	525,825.00	628,200.00
Postage	44,195.01	55,190.02
News Paper Expenses	1,350.00	8,820.00
Rates & Taxes	27,767.20	27,480.85
Osupan ' Expenses	-	4,900.00
Purchase of "Kolakanda"	595,935.00	1,556,130.50
	42,113,236.44	7,410,229.84

NOTE 27.2 - SELLING & DISTRIBUTION -Punarudaya Programme-Gain/ Loss

Punarudaya Programme Income
Punarudaya Programme Expense
Punarudaya Programme-Loss

NOTE 28 - NET FINANCIAL INCOME / (EXPENSES)

Finance Income	**Rs. Cts.**	Rs. Cts.
Interest on Fixed Deposits	16,400,813.82	15,375,583.49
Staff Loan Interest	879,346.18	883,500.88
Un-winding of Pre paid Staff Benefits	-	-
	17,280,160.00	16,259,084.37
Finance Expense		
Bank Charges	169,621.20	203,907.29
Bank Loan Interest	4,927,983.83	5,828,531.29
Financial Expenses	384,085.40	324,903.19
Electronic Card Commission Charges	59,438.87	11,181.78
	5,541,129.30	6,368,523.55
Net Financial Income / (Expenses)	**11,739,030.70**	9,890,560.82

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 29 - INCOME TAX EXPENSE

29.1 Current Taxes

The Corporation in terms of the Inland Revenue Act No 24 of 2017 profit & income from ordinary course of business is liable at the rate of 24 % as per the frist schedule to this act.Other profits are liable at normal rates.

	2020	2019
	Rs. Cts.	Rs. Cts.
On the Current years Profit	3,359,179.42	2,498,605.45
Deferred Taxation	-	-
	3,359,179.42	2,498,605.45

NOTE 30 - EARNINGS PER SHARE

The calculation of the earnings per share is based on Profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

30.01 Basic Earnings per Share

	Rs. Cts.	Rs. Cts.
Profit attributable to Ordinary Shareholders (Rs. Cts)	6,104,390.83	648,203.67
Weighted average number of ordinary shares	500,000.00	500,000.00
Earnings Per Shares (Rs. Cts.)	12.21	1.30

30.02 Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st December 2019.Therefore diluted earnings per share is same as basic earnings per share reoprted above.

NOTE 31 - CAPITAL COMMITMENTS & CONTINGENCIES

The Corporation had no material capital commitments & contingencies outstanding as at the Reporting date except for below mentioned items.

The outcome of following Litigation cases are pending as at the reporting date.

Party	Position	Case No	Court
M.K Somadasa	Store Keeper	W/P HCCRMT/78/07 F	Supreme Court
R.M Lankathila	Security Officer	HC3755/07	High Court - Colombo

NOTE 32 - FINANCIAL RISK MANAGEMENT

Overview

The Corporation has exposure to the following risks from its use of financial instruments:

* Credit risk
* Liquidity risk

This note presents qualitative and quantitative information about the Corporation's exposure to each of the above risks,the corporation's objectives, policies and procedures for measuring and managing risk.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Corporations' risk management framework.The corporation's risk management policies are established to identify and analyze the risk faced by the corporation, to set appropriate risk limits and controls, and to monitor risk and adherence to limites.Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the corporation's activities.

SRI LANKA AYURVEDIC DRUGS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - 2020

Credit Risk

Credit risk is the risk of financial Loss to the Corporation if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the corporation's receivables from customers and investment securities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows,

	2020	2019
Receivables	**Rs. Cts.**	Rs. Cts.
Staff Loans	16,419,330.60	13,706,915.79
Gold Stocks	11,058,378.38	8,395,624.20
Margin Account	21,120,070.62	19,674,066.73
Non-Resident Foreign Currency A/C		
Miscellaneous Deposits	2,893,740.00	2,497,740.00
Short Term Investments in Fixed Deposits	164,512,175.52	151,018,500.23
Trade Debtors	113,965,665.18	203,040,257.64
Pre-payments & Advances	17,358,403.94	8,800,060.99
Cash and Cash Equivalents	132,700,926.86	61,192,791.75
	480,028,691.10	468,325,957.33

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable losses or damage to the corporation's reputation.

To measure and mitigate liquidity risk, the Corporation closely monitored its net operating cash flow, maintained a level of cash and cash equivalents and secured committed funding facilities from financial instutions.

Non-derivative financial liabilities

	Rs. Cts.	Rs. Cts.
Bank Loan	28,000,000.32	33,753,500.45
Trade Creditors	53,633,163.42	48,412,314.17
Receipt of Advance	-	-
Accrued Expenses	23,819,449.91	21,551,064.93
Tender Security Deposit	8,492,471.10	7,298,479.37
Payable Deposits	988,006.38	2,896,894.03
Payable Employee Security Deposits	255,497.55	255,497.55
	115,188,588.68	114,167,750.50
Income Tax Provisions (Previous Year)		

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates, etc; will affect the corporation 's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Significant financial and other particulars pertaining to last 10 years

(Rupees)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Financial											
Product value (to cost)	468,033,895	493,201,884	396,324,130	363,826,280	314,622,967	308,025,702	295,718,942	278,645,199	247,851,729	219,367,399	210,286,750
Turnover	676,304,359	705,623,346	675,875,646	578,893,084	566,362,581	519,887,808	444,941,698	425,450,179	396,216,099	358,677,936	316,029,070
Cost of sales	471,829,806	485,228,587	424,036,671	327,447,222	330,877,537	284,693,642	304,892,030	265,720,560	244,899,354	201,333,056	228,488,246
Gross profit	204,474,553	220,394,759	251,838,975	251,445,862	235,485,043	235,194,165	140,049,668	159,729,619	151,316,745	157,344,880	87,540,824
Operational profit	- 2,275,460	- 6,743,752	32,892,041	66,343,242	53,089,746	66,313,119	17,823,303	44,959,612	8,754,450	63,602,022	56,560,459
Administrative expenditure	135,101,872	150,802,560	144,729,448	126,016,264	124,876,303	112,568,535	82,300,046	77,822,751	77,501,412	78,225,586	63,043,948
Sales and distribution expenditure	70,543,563	80,316,745	81,296,566	64,825,239	64,696,191	62,306,790	48,547,896	49,558,421	35,806,210	30,859,570	21,389,319
Interest income	17,280,160	16,259,084	9,065,297	3,336,753	4,180,269	4,281,325	5,463,761	6,775,834	14,889,137	1,976,552	1,371,025
Net profit before tax	9,463,570	3,146,809	34,802,642	61,461,537	48,481,441	62,153,332	14,474,024	42,255,668	67,090,055	63,878,705	6,016,390
Net profit after tax	6,104,391	648,204	23,079,445	43,656,859	35,630,966	41,058,076	7,968,428	29,255,481	48,304,840	45,353,881	4,813,112
Fixed assets	1,087,891,437	1,121,632,640	1,146,165,994	950,135,332	202,162,849	209,169,794	166,665,142	155,081,533	160,907,541	43,914,105	48,021,730
Investment	164,512,176	151,018,500	77,032,613	69,088,214	79,726,415	77,226,750	75,168,240	71,577,604	66,701,024	26,435,113	19,781,534
Total assets	1,809,949,363	1,805,099,669	1,820,012,355	1,762,480,860	907,720,096	838,277,878	727,048,550	623,849,804	560,995,357	349,669,826	287,079,744