



**Democratic Socialist Republic of Sri Lanka**

**STATEMENT OF CORPORATE INTENT  
STATE PHARMACEUTICALS CORPORATION**

**Agreement between Ministry of Finance,  
Ministry of Health, Nutrition and Indigenous Medicine  
and  
State Pharmaceuticals Corporation**

**10<sup>th</sup> June 2019**

**Ministry of Finance**

**Colombo 01**

**Statement of Corporate Intent**  
**between**  
**Ministry of Finance, Ministry of Health, Nutrition & Indigenous Medicine**  
**and**  
**State Pharmaceuticals Corporation (SPC)**  
**2019-2021**

The Statement of Corporate Intent is agreed between the Ministry responsible for the subject of Finance (hereinafter referred to as "Ministry of Finance") and the Ministry of Health, Nutrition and Indigenous Medicine (hereinafter referred to as "Line Ministry") as one party, and the Board of Directors of the State Pharmaceuticals Corporation (hereinafter referred to as "the Board"), a State Owned Enterprise (SOE), as the other party.

**WHEREAS**

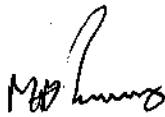
The Ministry of Finance and the Line Ministry are committed to clearly defining the working relationship between themselves and the State Pharmaceuticals Corporation (SPC) with a focus on performance;

The parties recognize the need for adequate and reasonable managerial and operational autonomy to facilitate achievement by the Board and management of the SPC of the agreed and freely negotiated performance targets set out in this Agreement with a shared objective to improve performance, efficiency and the quality of public services;

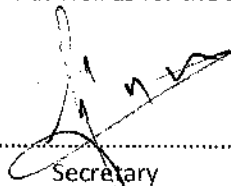
The parties are committed to improve the corporate governance of the SPC and are desirous of enhancing transparency in the management of public resources and accountability for results;

The Board and SPC management have indicated its capacity and competence to perform duties and undertake functions specified under this Agreement.

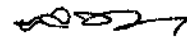
SCI shall be updated annually with the agreement of all the signing parties, to reflect the performance achieved in the past year and the updated performance targets for the next three years, making it a rolling and agile management tool for the SOEs as well as for the shareholders.



.....  
Chairman  
State Pharmaceuticals Corporation



.....  
Secretary  
Ministry of Health, Nutrition  
& Indigenous Medicine



.....  
Secretary  
Ministry of Finance

**DR. M. H. M. RUMIE**  
**CHAIRMAN**  
**State Pharmaceuticals Corporation**  
**of Sri Lanka**  
**No. 75, Sir Baron Jayatilake Mawatha**  
**Colombo 1, Sri Lanka.**

Colombo 01

**Wasantha Perera**  
**Secretary**  
**Ministry of Health, Nutrition & Indigenous Medicine**  
**"Suwasiripeys"**  
**385, Rev. Baddegama Wirralawansa Thero Mawatha,**  
**Colombo 10.**

**DR. R. H. S. SAMARATUNGA**  
**Secretary**  
**Ministry of Finance**  
**Colombo 01**  
**Sri Lanka**

10.06.2019

**STATE PHARMACEUTICALS CORPORATION (SPC)  
STATEMENT OF CORPORATE INTENT (SCI)**

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## EXECUTIVE SUMMARY

State Pharmaceuticals Corporation (SPC) is the sole importer of healthcare items to “Medical Supplies Division” to ensure continuous supply of quality pharmaceuticals and healthcare items to government hospitals. SPC also imports and sells in the open market through, Rajya Osusala outlets, Franchised Osusala outlets and Distributors, covering the entire island.

Being a self- financing SOE, SPC has Rs. 22.7 Bn worth of total asset base and also a positive equity capital amounting to Rs. 59 Mn by 31.12.2018. Total workforce of SPC is 906, whereas SPC is generating more jobs to the economy through its business expansion policy.

SPC is continuing its position as a self- financing SOE from the inception and maintaining its profitability while enhancing its revenue base annually.

In addition to supplies to the Ministry of Health, SPC’s open market sale has also been increased to Rs. 7,458 Mn. in the year 2018 and it is a 13 % growth comparing to sales revenue of Rs. 6,593 Mn. recorded in 2017. All other key Performance Indicators, i.e. return on assets, liquidity have gradually improved in line with sales growth.

SPC is playing a vital role through its island wide retail network and makes required investment through internally generated funds to expand the branch network to ensure access to quality pharmaceuticals for reasonable prices to the general public covering entire country.

## **1. INTRODUCTION**

### **1.1. Establishment**

The State Pharmaceuticals Corporation (SPC) has been established in 1971 under the State Industrial Corporation Act No: 49 of 1957 and has been published in gazette under the Extraordinary Gazette No: 14976/8 in 1971.

SPC is the sole importer of healthcare items to 'Medical Supplies Division' to ensure continuous supply of high quality Pharmaceuticals and Healthcare items to Government Hospitals. SPC also engages with open market operations through, Rajya Osusala outlets, Franchised Osusala outlets and through registered Distributors, covering the entire island.

SPC is the largest pharmaceutical trader and distributor in Sri Lanka operating a network of 43 Rajya Osu Sala outlets, 52 Distributors, 107 Franchisees and authorized retailers covering all district of the country.

### **1.2. Vision**

"To become the prime partner in developing a healthier nation".

### **1.3. Mission**

"To be the leading healthcare organization serving the general public of Sri Lanka by providing safe, effective and high quality medical products and health services at affordable prices, while promoting the usage of generic drugs".

### **1.4. Core Business/Principal Activities**

- Import, purchase, sales and distribution of pharmaceuticals and health care Items in the open market.
- Import and supply pharmaceuticals and health care items to the Department of Health Service.
- Manufacturing and marketing Jeevaneer, Glucose and Benzyl Bensovate Cream.
- Providing medical tests and laboratory services.

### **1.5. Market Share**

Market share of the SPC is 9 % in year 2018.

## 1.6. Performance of Past 10 Years

**Table 1: Performance of Past 10 Years**

Description										<i>Rs.Mn</i>
	2009	2010	2011	2012	Actual 2013	2014	2015	2016	2017	Unaudited 2018
Turnover - SPC	4,016	4,198	4,806	4,283	4,320	4,865	5,287	6,127	6,593	7,458
Turnover - DHS	9,990	10,968	12,569	16,608	16,816	17,269	19,177	26,128	25,970	31,437
Total Turnover	14,006	15,166	17,375	20,892	21,136	22,134	24,464	32,255	32,564	38,895
Profit before Taxation	401	484	322	497	763	742	1230	1868	1560	1,720
Net Assets	2,418	3,413	3,503	3,772	4,133	4,396	5,148	6,110	6,918	8,920
Total Liability	2,519	6,030	6,826	11,247	10,353	2,868	4,036	3,410	5,961	13,783
Total Sale Growth %	8.97	8.28	14.57	20.24	1.17	4.72	10.52	31.85	0.96	19.44
Liquidity Ratio	1:01	01:00.7	01:00.8	01:01.0	01:01.0	01:01.3	01:01.0	01:01.5	1:1.45	01:01.3
Stock Turnover Ratio (Times) SPC	3.5	3.65	3.83	2.97	2.17	2.34	2.07	2.04	2.54	2.42

Source: State Pharmaceuticals Corporation

## 2. MACRO-ECONOMIC POLICY OF THE SECTOR

### 2.1 Implementing a Price Control for Pharmaceuticals

Government of Sri Lanka has taken a step to adopt price control for pharmaceutical from 2016 by the Extra Ordinary Gazette Notification No: 198161 dated 21<sup>st</sup> October, 2016. Maximum retail price for 48 selected pharmaceutical items were fixed and subsequently prices of stents and Intra Ocular Lenses also later fixed. Government will extend this price controlling mechanism gradually. In addition to controlling prices of existing items, National Medicines Regulatory Authority (NMRA) is also fixing price for new products at the time of new registration.

### 2.2 Encouraging Local Pharmaceutical Manufacturing

Ministry of Health, Nutrition and Indigenous Medicine initiated to encourage local pharmaceuticals industry. Local manufacturers are entitled to get buy back guarantees from the Government and the Ministry makes direct purchasing from local manufacturers. This policy mainly focus to minimize pharmaceutical importation cost while ensuring high quality supply stream.

## 3. GOALS OF STATE PHARMACEUTICALS CORPORATION

**Goal 1** - Strive to be the leader in import, share distributing and selling generic medicine in Sri Lanka.

**Goal 2** - Effective and Efficient procuring entity in health care.

**Goal 3** - Assuring Quality of the items supply to the General Public.

## 4. OBJECTIVES OF STATE PHARMACEUTICALS CORPORATION

### 4.1. Objectives

In line with the Vision and Mission and also based on the SWOT analysis and Industry analysis, the following objectives were defined by the SPC.

**Goal 1:- Strive to be the leader in import, share distributing and selling generic medicine in Sri Lanka.**

(i) To achieve targeted open market sales revenue growth of 45% by 2021 (base year is 2018).

(ii) To increase number of programs to educate general public on using Generics drugs.

**Goal 2:- Effective and Efficient procuring entity in health care.**

(i) To ensure on time delivery of pharmaceuticals by achieving 80% success rate by 2021.

**Goal 3:- Assuring Quality of the items supply to the General Public**

(i) To ensure quality standard of products offering to market and prevent losses on quality failures, reduce expiring up to 5% by 2021.

### 4.2. Action Plan on Achieving Objectives

Table 2: Action Plan

No.	Objective	Programme /Project /Action
1.	To achieve open market sales revenue growth of 45% by 2021 based on the 2018 sales.	Open 3 Rajya Osu Sala outlets per year in commercially feasible areas by investing Rs.20 Mn. yearly using internally generated funds.  Expand Rajya Osu Sala network by establishing 3 outlets in areas where people has minimum access to medicines at reasonable price by obtaining government buildings/lands by investing Rs.37 Mn.  Opening 1 Regional Store per year at the investment of Rs.7 Mn., expanding Distributor network by adding 3 Distributors per year and 3 Franchisees per year.
2.	To increase number of programs to educate general public using generic drugs promoting SPC Brand.	Adding 10 public awareness programmes per year on rational using drugs whilst promoting SPC as a brand by spending Rs.2 Mn. at promotional budget for additions per year targeting areas where we have less sales comparing to other areas.

3.	To ensure on time delivery of pharmaceuticals by achieving 80% success rate by 2021	Introducing ERP System to increase efficiency of procurement by investing Rs. 50 Mn.
4.	To ensure Quality Standard of products offering to market and prevent losses on Quality Failures maximum up to 5 % by 2021.	Expanding Quality Assurance Laboratory for facilitating to increase number of tests to 1500 by 2021 at an investment of Rs.100 Mn.

Source: State Pharmaceuticals Corporation

## 5. KEY PERFORMANCE INDICATORS (KPIs)

Table 3: Goal1: Strive to be the Leader in Import, Share Distributing and Selling Generic Medicine in Sri Lanka.

Objective	KPIs	Unit of Measurement	Base Year	Target			
			2018	2019	2020	2021	
(i). Achieve targeted open market sales revenue growth of 45% by 2021 based on the 2018 sales.	<b>Input</b>	<b>Volume of Investment to open</b>					
		New Outlets	Rs. Mn.	13.14	20.25	22.25	24.5
		Government Places	Rs. Mn.		37	37.7	38.43
		Regional Stores	Rs. Mn.		7	7.7	8.43
		<b>No of employees to be recruited</b>	Heads	10	24	24	24
	<b>Process</b>	Identified locations for government places	%		50	75	100
	<b>Output</b>	<b>No. of opened</b>					
		New Outlets	No.	3	3	3	3
		New Government places	No.		1	1	1
		New Regional stores	No.		1	1	1
		No of New Distributors and Franchisees	No.		6	6	6
		<b>Outcome</b>	Sales growth	%	10.7	13	27
	<b>Impact</b>	Market Share	%	9	9.5	10	10.5
(ii) Increase number of programs to educate general public on using Generics drugs.	<b>Input</b>	Cost of Investment	Rs.Mn.	2	2	2	2
	<b>Output</b>	No.of awareness Programmes conducted	No.	10	10	10	10
	<b>Outcome</b>	Sales Growth	%	10.7	13	27	45
	<b>Impact</b>	Market Share	%	9	9.5	10	10.5



Table 4: Goal 2. Effective and Efficient Procuring Entity in Health Care.

Objective	KPIs	Unit of Measurement	Base Year	Target			
				2018	2019	2020	2021
(iii) Ensure on time delivery of pharmaceuticals by achieving 80% success rate by 2021	Input	Volume of Investment	Rs.Mn.	33.9	50	-	-
		IT and infrastructures	Rs.Mn.	-	3.1	-	-
		No. of Personal Heads to be recruited	Heads	-	16	-	-
	Process	Completeness of Modules	%	-	100	-	-
	Output	No. of outlets with ERP system		-	43	4	4
		No. of modules done	No.	-	15	-	-
	Outcome	Stock out rate	No.	10	8	6	5
	Impact	Success Rate	%	71	75	80	80

Table 5: Goal 3. Assuring Quality of the Items Supply to the General Public.

Objective	KPIs	Unit of Measurement	Base Year	Target			
				2018	2019	2020	2021
(iv) Ensure Quality Standard of products offering to market and prevent losses on Quality Failures and Reduce expiring up to 5% by 2021.	Input	Volume of Investment	Rs.Mn.	-	40	60	-
		No. of recruited qualified employees	Heads	-	-	2	2
		No. of training programme	No.	-	5	5	5
	Process	Construction of the Lab	%	-	40	60	-
	Output	No. of test done	No.	-	1,000	1,400	1,500
	Outcome	Quality Failure Cost Reduction	Rs.Mn.	14	14	12	12
	Impact	Quality Rate	%	90	95	95	95

## **6. FACTORS AFFECTING THE SCI**

### **6.1. Low recoverability from supplies made to government sector**

Out of total revenue, 80% of revenue generates from supplies to Medical Supplies Division and rest of the 20% from the open market operations. Even in the open market operations, considerable amount of supply represent to government institutions.

### **6.2. Funds allocations to Medical Supply Division (MSD)**

Delays on cash release to MSD and inadequate budget allocation to the health ministry hinder the on time payment and it badly affects to incline finance cost of SPC.

### **6.3. Bad Debts Provisions**

Due to long delay in settlement and doubtfulness of recoveries made to government institutions including MSD, bottom line of profitably is affected. In 2018, 38% of sales and distribution cost was incur on provision for doubtful debt.

### **6.4. Declining the MSD's Business**

In line with the government policy, which in turn curtailed the Department of Health Service (DHS) operations, it is expected that due to local manufacturing, DHS operations will be curtailed. However there is no reliable estimation mechanism to quantify the financial impact on the same.

### **6.5. Parity Fluctuations**

At present, nearly 57% of MSD supplies and 41% SPC Open Market operations are on imports. High volatility of Sri Lankan Rupee against foreign currency has a direct impact on exchange losses of the entity.

### **6.6. Need of Establishing Outlets In Some Areas Not Commercially Feasible**

Even though some areas are not commercially feasible to establish Rajya Osu Sala Outlets, SPC is compelled to establish outlets in those areas considering social economic benefits.

## **7. ASSUMPTIONS UNDERLYING THE SCI**

- Sales of open market will increase by 12.5%, 13% and 14% in year 2019, 2020 and 2021 respectively.
- DHS sales growth will be 5% for the period of 2019-2021 and budgetary provisions will be available on time.
- Sales Margin of SPC and DHS will be at 24.27 % and 6.5 % respectively.
- Personal Emoluments, Traveling Expenses and Repair and Maintenance will increase by 5 % over the period.
- Supply and Requisites, Transportation, Communication and Other Services will increase by 3 %, 4 % and 5% in year 2019, 2020 and 2021 respectively.
- Selling and Distribution Expenses will increase by 10 % in year 2019, 2020 and 2021 respectively.
- Reduce bad debts provision from 25% in 2019 to 10% in 2020 and 2021.
- Cash Sales of SPC will be 33.04 % and credit sales will be 66.96 %.
- 95 % of credit sales will be recovered in same year and the rest will be recovered next year.
- Sales of DHS will be on credit only. 95 % of credit sales will be recovered in same year and 5% in the following year.
- New Outlets will be rented out on a monthly rental of Rs.150, 000.

## **8. MAJOR RISKS TO DELIVER THE SCI OUTCOMES AND MITIGATION STRATEGIES**

Unpredictable effect to business on government policy on encouraging local manufacturing by giving buyback guarantees and direct purchase by MSD without channeling them through SPC.

## **9. COMPETITIVE NEUTRALITY**

Government ownership and backing from the Line Ministry has an advantage in building and maintaining credibility of the SPC. Assignment given as the Procuring Agent for the Ministry of Health Nutrition & Indigenous Medicine is strengthening the organization in areas of volume of Business, Revenue of the SPC and stability of the SPC.

## **10. NON-COMMERCIAL GOODS OR SERVICES**

SPC is an instrument use by the government to stabilize market prices of Pharmaceuticals. Therefore SPC compel to maintain lowest prices in the market by keeping minimum margins, without considering the competitor's price.

With regard to supplies to MSD, SPC has to use income generated from open market operations and sometimes to borrow funds from Banks in the backdrop of delaying receiving funds on time to make sure smooth operations. Financial cost and also opportunity cost of investing income from open market operation for purchases from MSD highly affect to the profitability of entity.

Spending on operating outlets in commercially non-feasible areas as a social service and promoting Government Policies towards the sector also have substantial impact on the profits.

Financial cost occurred on supplying on credit to state institutions for their requirements also a huge burden on improving profitability. It has worst impact when payments are getting delayed beyond the given credit periods.

## **11. FINANCING POLICY**

All the investments will be met through internally generated funds as the entity has decent operational cash flows generated through MSD's supply and open market operations.

## **12. LEVY POLICY**

Payment to the Consolidated Fund of a return on the capital grants of the government at such rate or payment to the Consolidated Fund of such amount as may be determined from time by the Minister of Finance.

## **13. RESPONSIBILITIES OF TRI-PARTIES**

### **13.1 Secretary, Ministry of Finance**

- As the trustee of the public property, signs the tripartite agreement. Moreover, the Ministry of Finance will make policy directives affecting the SOEs and ensure the compliance of SCI process.
- Submit progress reports on SOEs progress to the Cabinet of Ministers bi-annually.
- Arrange meetings and discussions as and when required.

### **13.2 Secretary, Line Ministry**

- Supervise and provide policy directives to the SOEs at all stages of SCI process through the audit and management committee of the ministry.
- Appoint a liaison officer to coordinate the SCI process with the respective agencies.
- Ensure timely submission of the monthly, quarterly and annual progress reports of the SCI with his recommendations to the Department of Public Enterprises.

### 13.3 Chairman and Board of Directors of State Pharmaceuticals Corporation

- Should ensure the implementation of SCI process efficiently and effectively and ensure sub agreements have been signed with the management to implement the SCI and to achieve the stipulated targets.
- Should actively negotiate the targets and expectations of SCI, Corporate Plan to be achieved and other limitations.
- Should empower the SOE management to ensure the achievement of the objectives and targets stipulated in the SCI and hold it accountable for results.
- Should introduce proper risk management strategies - fiscal and operational- to identify, assess and mitigate the potential risks of SOEs.
- Should submit a board memoranda to discuss the progress and monitor the achievements against KPIs as stipulated in SCI at monthly Board meetings and provide directives to the management.
- Should establish a proper mechanism to ensure the timely submission of relevant information and progress reports of SCI to the relevant Line Ministry and to the Ministry of Finance.
- Should appoint a liaison officer to coordinate the SCI process with the respective ministries - line ministry and MOF.
- Should report and actively participate at the audit and management committee meeting of the line ministry

**14. FINANCIAL INFORMATION**  
**14.1. Forecasted Financial Information**

Table 6: Forecasted Income Statement

(Rs. '000)

Description	Unaudited			Forecasted								
	2018			2019			2020			2021		
	SPC	DHS	TOTAL	SPC	DHS	TOTAL	SPC	DHS	TOTAL	SPC	DHS	TOTAL
<b>Income</b>												
Income	7,458,321	31,436,986	38,895,307	8,393,569	33,008,835	41,402,405	9,496,926	34,659,277	44,156,203	10,805,588	6,392,241	47,197,829
Less- Cost of Sales	5,647,937	29,311,934	34,959,871	6,356,170	30,863,261	37,219,431	7,191,706	32,406,424	39,598,130	8,182,712	34,026,745	42,209,457
<b>Gross Profit</b>	<b>1,810,383</b>	<b>2,125,052</b>	<b>3,935,435</b>	<b>2,037,399</b>	<b>2,145,574</b>	<b>4,182,974</b>	<b>2,305,221</b>	<b>2,252,853</b>	<b>4,558,074</b>	<b>2,622,877</b>	<b>2,365,496</b>	<b>4,988,372</b>
Add- Other Operating Income	73,073		73,073	80,380		80,380	88,418		88,418	97,260		97,260
<b>Less - Overheads</b>												
Administrative Expenses	1,037,779	497,499	1,535,278	1,151,267	562,734	1,714,002	1,412,680	675,814	2,088,494	1,631,563	765,221	2,396,785
Other Operating Expenses	218,836	473,132	691,968	224,547	422,302	646,849	236,512	420,388	656,900	250,352	423,286	673,638
<b>Operating Profit</b>	<b>626,841</b>	<b>1,154,421</b>	<b>1,781,263</b>	<b>741,965</b>	<b>1,160,538</b>	<b>1,902,503</b>	<b>744,447</b>	<b>1,156,651</b>	<b>1,901,098</b>	<b>838,221</b>	<b>1,176,989</b>	<b>2,015,210</b>
Less- Finance Expenses	1,870	67,048	68,918	2,025	53,638	55,664	2,229	42,911	45,140	2,483	34,328	36,812
Add- Finance Income	7,437		7,437	8,181		8,181	8,999		8,999	9,899		9,899
<b>Profit Before Tax</b>	<b>632,408</b>	<b>1,087,374</b>	<b>1,719,782</b>	<b>748,120</b>	<b>1,106,900</b>	<b>1,855,020</b>	<b>751,217</b>	<b>1,113,740</b>	<b>1,864,957</b>	<b>845,637</b>	<b>1,142,660</b>	<b>1,988,297</b>
Income Tax Expenses	281,910	484,722	766,632	209,474	309,932	519,406	210,341	311,847	522,188	236,778	319,945	556,723
<b>Profit After Tax</b>	<b>350,498</b>	<b>602,652</b>	<b>953,150</b>	<b>538,647</b>	<b>796,968</b>	<b>1,335,615</b>	<b>540,876</b>	<b>801,893</b>	<b>1,342,769</b>	<b>608,858</b>	<b>822,715</b>	<b>1,431,574</b>

Table 7: Forecasted Statement of Financial Position

(Rs.' 000)

Description	Unaudited		Forecasted	
	2018	2019	2020	2021
<b>ASSETS</b>				
Non-Current Assets				
Property Plant & Equipment	2,198,148	2,282,159	2,347,862	2,367,320
Leasehold Land	9,720	9,560	9,400	9,240
Other Non-current Assets	14,677	14,058	13,441	12,823
	<b>2,222,544</b>	<b>2,305,778</b>	<b>2,370,702</b>	<b>2,389,383</b>
Inventories - SPC	2,792,111	2,626,627	2,379,727	2,055,220
Stock in Transit - DHS	286,587	293,935	305,618	321,456
Trade & Other Receivables	16,319,413	9,492,726	9,455,883	9,456,413
Prepayments	61,219	63,668	66,215	68,864
Cash in Hand and at Bank	1,021,185	763,007	1,557,661	2,601,680
<b>Total Current Assets</b>	<b>20,480,516</b>	<b>13,239,963</b>	<b>13,765,105</b>	<b>14,503,633</b>
<b>Total Assets</b>	<b>22,703,060</b>	<b>15,545,740</b>	<b>16,135,807</b>	<b>16,893,016</b>
<b>EQUITY AND LIABILITIES</b>				
Contributed Capital				
Contributed Capital	59,055	59,055	59,055	59,055
General Reserves				
General Reserves	66,062	66,062	66,062	66,062
Retained Earnings				
Retained Earnings	8,794,491	9,949,132	11,099,583	12,326,388
<b>Total Equity</b>	<b>8,919,608</b>	<b>10,074,249</b>	<b>11,224,700</b>	<b>12,451,505</b>
Non- Current Liabilities				
Retirement Benefit Obligation	221,192	232,251	243,864	256,057
Deferred Tax Liability	50,116	65,892	68,419	68,311
<b>Total Non- Current Liabilities</b>	<b>271,309</b>	<b>298,143</b>	<b>312,283</b>	<b>324,368</b>
Current Liabilities				
Trade and Other Payables	10,423,896	2,019,948	2,031,537	2,137,185
Income tax Payable	447,869	302,178	311,796	334,099
Deferred Income	1,345	1,345	1,345	1,345
Current Financial Liabilities	2,639,033	2,849,877	2,254,145	1,644,513
<b>Total Current Liabilities</b>	<b>13,512,143</b>	<b>5,173,349</b>	<b>4,598,824</b>	<b>4,117,143</b>
<b>Total Equity &amp; Liabilities</b>	<b>22,703,060</b>	<b>15,545,741</b>	<b>16,135,807</b>	<b>16,893,016</b>

Table 8: Forecasted Statement of Cash Flow

(Rs. '000)

Description	Forecasted		
	2019	2020	2021
<b>Cash In Flow</b>			
Cash Sales - Retail.	2,773,590	3,138,186	3,570,623
Receipts From Debtors.	6,209,052	6,327,693	7,190,844
Receipts From DHS For Purchases.	39,058,393	34,560,251	36,288,263
Receipts From Other Sources.	138,507	152,358	167,594
<b>Total Cash Inflow</b>	<b>48,179,543</b>	<b>44,178,487</b>	<b>47,217,323</b>
<b>Cash Out Flow</b>			
Purchases Of Drugs -SPC Imports	2,519,668	2,822,028	3,188,892
Purchase Of Drugs SPC -Local Purchase	5,019,092	4,151,759	4,674,165
Purchases Of Drugs - DHS.	37,654,243	32,080,265	33,609,712
Custom Duty & Direct Expenses	353,973	371,672	390,256
Salaries, EPF ,ETF & Other Benefits	1,210,090	1,531,557	1,802,377
Other Payments.	726,292	786,447	854,901
Capital Expenditure.	211,505	223,068	186,696
<b>Taxes: Income Tax. / Tre. Levy/VAT</b>	<b>839,321</b>	<b>711,837</b>	<b>749,249</b>
Interest & Finance Cost	55,664	45,140	36,812
Loans To Employees.	58,718	64,328	70,614
<b>Total Cash Outflow</b>	<b>48,648,566</b>	<b>42,788,101</b>	<b>45,563,672</b>
<b>Excess Of Receipts Over Payments</b>	<b>(469,023)</b>	<b>1,390,387</b>	<b>1,653,652</b>
<b>Balance At Beginning Of Year (Net)</b>	<b>(1,617,848)</b>	<b>(2,086,871)</b>	<b>(696,485)</b>
<b>Balance At End Of Year</b>	<b>(2,086,871)</b>	<b>(696,485)</b>	<b>957,167</b>



## 14.2. Capital Investment Plan

Table 9: Capital Investment Plan

Description	(Rs.'000)		
	2019	2020	2021
<b>New Osu Sala (on Rent Building)</b>	<b>03 Nos</b>	<b>03 Nos</b>	<b>03 Nos</b>
Furniture & Fittings	5,700,000	6,270,000	6,897,000
Equipment	8,550,000	9,405,000	10,345,500
Computers	6,000,000	6,600,000	7,260,000
	<b>20,250,000</b>	<b>22,275,000</b>	<b>24,502,500</b>
<b>New Osu Sala (Own Building)</b>	<b>01 Nos</b>	<b>01 Nos</b>	<b>01 Nos</b>
Building	30,000,000	30,000,000	30,000,000
Furniture & Fittings	1,950,000	2,145,000	2,359,500
Equipment	2,950,000	3,245,000	3,569,500
Computers	2,100,000	2,310,000	2,541,000
	<b>37,000,000</b>	<b>37,700,000</b>	<b>38,470,000</b>
<b>New Regional Osu Sala (on Rent Building)</b>	<b>01 Nos</b>	<b>01 Nos</b>	<b>01 Nos</b>
Furniture & Fittings	1,950,000	2,145,000	2,359,500
Equipment	2,950,000	3,245,000	3,569,500
Computers	2,100,000	2,310,000	2,541,000
	<b>7,000,000</b>	<b>7,700,000</b>	<b>8,470,000</b>
Expansion of Lab			
Furniture & Fittings	40,000,000		
Equipment		60,000,000	
	40,000,000	60,000,000	
Expansion of Procurement			
Furniture & Fittings	349,000.00		
Computers	2,739,000		
	3,088,000.00		
ERP System	50,000,000		
	50,000,000		
Motor Vehicles			
Delivery Lorry 2		14,000,000	
Delivery Lorry 1			7,000,000
		<b>14,000,000.00</b>	<b>7,000,000.00</b>
<b>Total Extra additional Capital Expenses</b>	<b>157,338,000.00</b>	<b>141,675,000.00</b>	<b>78,442,500.00</b>
<b>Summary</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Building	30,000,000	30,000,000	30,000,000
Furniture & Fittings	49,949,000	10,560,000	11,616,000
Equipment	14,450,000	75,895,000	17,484,500
Computers	62,939,000	11,220,000	12,342,000
Motor Vehicles	-	14,000,000	7,000,000
	<b>157,338,000</b>	<b>141,675,000</b>	<b>78,442,500</b>