



**ANNUAL
REPORT**

2022

STATE PHARMACEUTICALS MANUFACTURING
CORPORATION OF SRI LANKA



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ESTABLISHMENT OF SPMC & KEY OBJECTIVES

SPMC was established in 1987 under the Industrial Corporation Act No. 49 of 1957.

In 2022, State Pharmaceuticals Manufacturing Corporation completed 35 years of commercial production of essential medicinal drugs for the Health care of the Sri Lankan population. SPMC product range consists of 96 products of tablets and capsules. Out of this product range 56 products were actively manufactured during the year. SPMC is the only State Sector Corporation engaged in manufacturing pharmaceuticals in Sri Lanka.

The Main Functions are,

- 1) Either by itself or by entering in to such Joint Venture, Public-Private Partnership or other such agreement to manufacture, process, stock, pack or repack medicine.
- 2) To create subsidiary companies.

- 3) To enter into International Agreements with potential investors.
- 4) To provide technical assistance for the manufacturing and processing of medicine
- 5) To undertake pharmacological and pharmaceutical research and the standardization of medicine.
- 6) To market medicinal products produced by the Corporation or Joint Venture or other such agreements.

All products released to the market meet with our in-house specifications (SPMC) in addition to the British Pharmacopoeias (BP) and United State Pharmacopoeias (USP) requirements.

Implementation of cGMP (current Good Manufacturing Practices) regulations and procedures are regularly monitored through internal quality auditing and factory inspection.





VISION

**TO BE INTERNATIONALLY
RECOGNIZED, MODEL
MANUFACTURING AND MARKETING
ORGANIZATION FOR
PHARMACEUTICALS AND HEALTH CARE
PRODUCTS IN SOUTH ASIA.**

OUR JOURNEY

1987

Beginning of SPMC with
500 million capacity
8 M

1992

Exceeding inception capacity
600 M

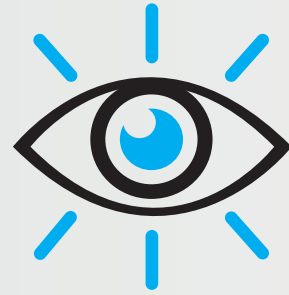
2007

Introduction of new shift
1025 M

2009

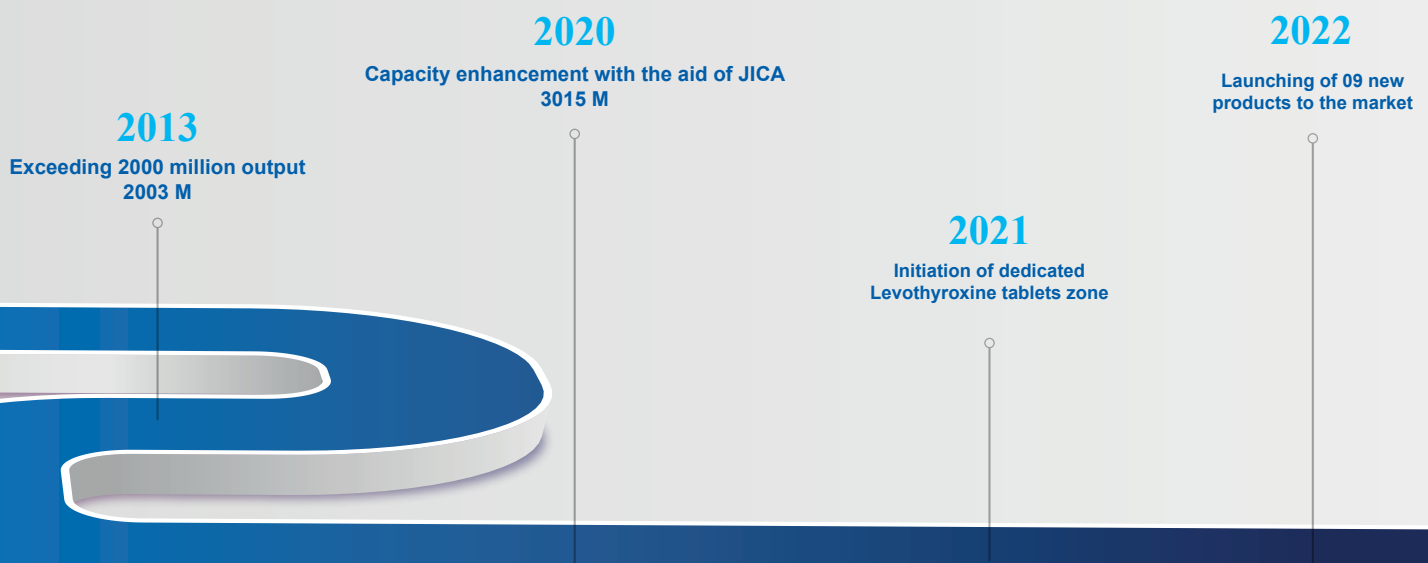
Two fold increment in output
1194 M

MISSION



**TO MANUFACTURE SAFE, EFFECTIVE
AND AFFORDABLE MEDICINAL DRUGS
OF SUPERIOR QUALITY UP TO
INTERNATIONAL STANDARDS TO THE
LOCAL AND INTERNATIONAL
MARKETS.**

During the past 35 years SPMC has passed several milestones thriving the excellence.



FINANCIAL & OPERATIONAL HIGHLIGHTS

	2022 Rs.	2021 Rs.
OPERATING RESULT		
Revenue	16,620,184,659	8,538,944,512
Gross Profit	2,061,140,119	1,436,621,516
Operating Profit	1,253,361,675	1,087,055,386
Finance Income	351,759,383	156,792,127
Tax Expenses	620,740,598	229,141,993
Profit Befor Tax	1,586,213,049	1,235,327,457
Total Comprehensive Income	1,500,493,418	1,014,281,767
FINANCIAL POSITION		
Inventories	3,018,074,553	1,624,026,442
Cash In Hand & At Bank	1,436,015	1,767,448
Current Assets	9,910,297,183	5,616,580,803
Total Assets	14,013,711,229	8,680,301,991
Total Equity	6,680,644,760	5,280,077,196
Non-Current Liabilities	3,232,668,011	2,745,439,516
Current Liabilities	4,100,398,459	654,785,279



Revenue
16620
million

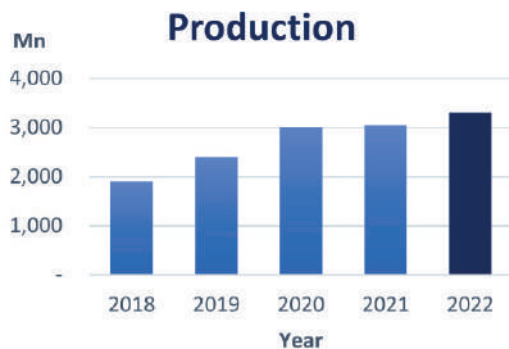
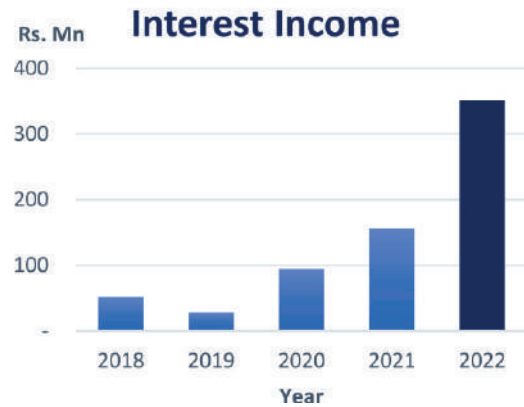
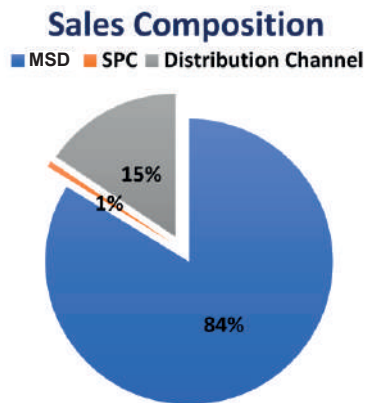


Profit (Befor Tax)
1586
million



Production Output
3302
million





CHAIRMAN'S REVIEW



It is with great pleasure that I, on behalf of the Board of Directors present the Annual Report and Audited Financial Statements comprising the Statement of Financial Position, Income Statement, Cash Flow Statement and Auditor General's report for the year ended 31st December 2022.

State Pharmaceuticals Manufacturing Corporation (SPMC) was established in 1987 under the Industrial Corporation Act No. 49 of 1957 with the commitment to manufacture quality, effective and safe drugs at affordable prices to the public. SPMC is the largest and leading state pharmaceutical manufacturer in Sri Lanka. At present, SPMC manufactures 96 drug

items under the generic names covering a wide range of pharmacological products. All products manufactured by SPMC have the required quality as per British Pharmacopeia (BP), United State Pharmacopeia (USP) and SPMC standards. Implementation of current Good Manufacturing Practices (cGMP), regulations and procedures are constantly monitored through internal quality auditing and factory inspection.

The pharmaceuticals manufacturing facility of the SPMC is equipped with modern Japanese, German and Korean machines. The manufacturing facility has an ultra-clean atmosphere and conforms to World Health Organization (WHO) and Current Good

Manufacturing Practice (cGMP) requirements. SPMC products are valued and preferred by doctors, pharmacists and other professionals in the health sector. Our reputation as a manufacturer of quality pharmaceutical products is the key to our success.

PERFORMANCE

The State Pharmaceuticals Manufacturing Corporation recorded significant Net profit before tax of Rs.1,586 million in the year 2022.

PRODUCTION OUTPUT

The total production output 3,302 million units of tablets / capsules in the year 2022, is recorded as the highest output of SPMC.

TURNOVER

Total turnover for the year 2022 amounted to Rs.16,620 million which is the highest turnover since its inception. Out of the total sales, 84% were to Medical Supplies Division (MSD) of the Ministry of Health. In addition to this main channel, the sales through the Private Distributors registered with us was 15% and the balance sales to State Pharmaceutical Corporation (SPC) was 1%.

I am happy to note that SPMC has been well managed with its own resources to earn profits without any assistance of the General Treasury. In fact SPMC has paid Rs.100 million to the Treasury as contribution during the year 2022, fulfilling our responsibility as a public corporation.

DEVELOPMENT WORK

Factory Development

SPMC manufactured 3302 million tablets & capsules in 2022.

Research and Formulation Development

SPMC has commercially manufactured successfully and launched following nine products during the year.

- Aspirin (Gastro Resistant) Tablets BP 75mg
- Mefenamic Acid Tablets BP 500mg
- Bisoprolol Tablets BP 5mg
- Prednisolone Tablets BP 1mg
- Flucloxacillin Capsules BP 250mg
- Rosuvastatin Tablets IP 10mg
- Losartan Potassium Tablets BP 25mg
- Sitagliptin Tablets BP 50mg
- Loratadine Tablets USP 10mg

HUMAN RESOURCES DEVELOPMENT & WELFARE

SPMC had 336 employees as at 31.12.2022 including 10 trainees and 03 contract basis employees who are engaged on the job training under the guidance of Senior Management of the SPMC for efficient and smooth operation of two shifts.

SPMC continued to provide the basic welfare facilities requested by the employees.

STRATEGY AND PROSPECTS

Our main aim is to provide an uninterrupted supply of pharmaceuticals required by the Medical Supplies Division (MSD) of Ministry of Health, State Pharmaceutical Corporations (SPC) Pharmacies and medical Professionals. SPMC is expecting to expand its production capacity by setting up new plants at Millewa, Horana. Accordingly, SPMC has decided to establish,

- Plant for manufacturing of Orthopedic
- Plant for manufacturing of oncology drugs
- Plant for manufacturing of Oral Solid Dosage (OSD) general drugs.

This expansion will support us to improve the production, increase sales revenue, widen the product range and create new employment opportunities, enhance technical know-how and create a corporate image of SPMC.

WORD OF APPRECIATION

On behalf of the Board of Directors, I thank His Excellency the Presidents of the Democratic Socialist Republic of Sri Lanka Honourable Gotabhaya Rajapaksa and Ranil Wickramasinghe, for their continued dedication to the progress of the Pharmaceutical Industry in Sri Lanka. I also extend my appreciation to the Hon. Minister of Health Dr. Keheliya Rambukwella and the Hon. State Minister of Production, Supply and Regulation of Pharmaceuticals Prof. Channa Jayasumana for their valuable guidance and support. We also value the guidance provided by the Secretary of the Ministry of Health Mr. Janaka Chandraguptha and the Secretary of the State Ministry of Production, Supply and Regulation of Pharmaceuticals Dr. R.M.S.K. Rathnayake and other officials of the Ministry of Health and State Ministry of Production, Supply and Regulation of Pharmaceuticals. We also appreciate the contribution made by the secretaries of Finance Ministry Mr. S.R. Attygalle, Mr. Mahinda Siriwardena, the Director General of Public Enterprises Mr. P.A.S. Athula Kumara and the officials of various Departments of General Treasury.

It is a pleasure to note with gratitude that we had an excellent relationship with the State Pharmaceuticals Corporation (SPC), Medical Supplies Division (MSD), Private Pharmacies and medical professionals who contributed enormously to the success of our corporation.

The commitment of the General Manager, Deputy General Managers, Managers, Executive Staff and all levels of employees of the SPMC in achieving positive results during the year 2022 is greatly appreciated.

Finally, I must thank the Board of Directors for their valuable contribution and guidance in steering the corporation towards success.

Dr. P. P. G. P. U. Indrawansa
Chairman
State Pharmaceuticals Manufacturing
Corporation of Sri Lanka
28th February 2023

MESSAGE FROM THE GENERAL MANAGER



State Pharmaceuticals Manufacturing Corporation has been operating in Sri Lanka for more than 35 years. Over this period, our Corporation has successfully developed and strengthened its pharmaceutical marketing and manufacturing base, which enabled us to achieve the distinction of being the fastest-growing national pharmaceutical company.

I am proud to say that performance of SPMC in 2022 was excellent with strong growth in sales and net profit before tax which were highest sales (Rs. 16 billion) and profit (Rs.1.5 billion) in the history. And also we have achieved good progress in research and development in 2022 by introducing new nine products.

We are confident that State Pharmaceutical Manufacturing Corporation will continue to grow

and move ahead. In the year 2022 – 2026, main focus is to establish new manufacturing plant for Oral Solid Dosage forms in Lotus Pharma Project at Horana-Millewa.

Combining the best of values of entrepreneurship, strong work ethics and strict compliance with current Good Manufacturing Practices (cGMP) with a wide range of products, State Pharmaceuticals Manufacturing Corporation has emerged amongst the leading pharmaceutical manufacturers operating in Sri Lanka.

Finally, I would like to thank the Chairman, Board of Directors, Officers of Health Ministry, Officers of the Treasury and all employees of SPMC for their support and commitment given in 2022.

S.W. Jayasundara
General Manager
State Pharmaceuticals Manufacturing
Corporation of Sri Lanka



Board of Directors

Dr. Uthpala Indrawansa
Chairman

Dr. Bandula Wijesiriwardena
Director

Mr. V.G.C. Wickramaratne
Director

Ms. U.S.K. Denawatta
Director

Ms. A.R. Wickramasinghe
Director



DIRECTORS



Dr. Uthpala Indrawansa
Chairman

Dr. Uthpala Indrawansa is a Medical Doctor (Medical Academy of Sechenov-one of the leading medical universities in Russia) and completed internship at Polonnaruwa General Hospital.

He has pioneered the Provincial Award for 5S' Productivity in year 2007, meanwhile serving as Medical Officer in Charge in Rural Hospital Pulasthipura, for the Doctors category and the Hospital Category Health Excellency Award also conquest by him in the same period. He had performed his duties in Orthopedic unit at National Hospital since 2009. Currently he is serving in the position in Chairman to the State Pharmaceuticals Manufacturing Corporation of Sri Lanka from December 2019.



Dr. Bandula Wijesiriwardena
Director

A Consultant Physician, Dr. Bandula Wijesiriwardena holds over 33 years of experience in the Government Healthcare sector having served as Chief Examiner for MD (Medicine), Chairman, MCQ core group, Member, AAAED Committee and was the President of the Ceylon College of Physicians in 2005.

He presently works for the private health care sector full time. Dr. Wijesiriwardena pioneered the introduction of Clinical Practice Guidelines through the Ceylon College of Physicians which is presently being used island-wide.

With numerous national and international publications to his credit, Dr. Wijesiriwardena won the Presidential Award for his clinical research in 2000 and was awarded Honorary Fellowships by The Royal Australian College of Physicians and Colleges of Medicine in South Africa. He holds an MBBS (Colombo), MD (Colombo) and MRCP (UK) and is a Fellow of the American College of Physicians and the Ceylon College of Physicians.



Mrs. S.A. Chandrika Kulathilake
Director

Mrs. S.A. Chandrika Kulathilake presently serves as the Director General to the Department of Management Audit. She holds a Bachelor of Commerce degree (University of Sri Jayawardanapura) and Diploma in Financial Management in Sri Lanka Institute of Development Administration.

She has served as an Audit Examiner to the Auditor General's Department and she was the Accountant to the Postal Department. She was also the Deputy Director and Director for the Department of State Accountants and Director for the Department of Management Audit. She has been a resource person for a workshop on Strengthening the Internal Audit Function of the Government of India.



Mr. V.G.C. Wickramaratne
Director

Mr. V.G. Chaminda Wickramaratne serves as the Director to Board of State Pharmaceuticals Manufacturing Corporation since January 2020 and he has over 20 years of experiences in Business Management as the founder of SMI Engineering Co. (Pvt) Ltd.

He has served as the Director to the Board of National Youth Service Council (2005-2008), Public Performance Board, National Film Corporation (2008-2010) and Sri Lanka Energies (Pvt) Ltd (2012-2015).

Currently he is holding the position of Director to the Haritha TV Networks (Pvt) Ltd and Ariike (Pvt) Ltd. Further, he is a member of the National Railway Museum Committee.



Ms. U.S.K. Denawatta
Director

Ms. U.S.K. Denawatta currently serves as an Additional Secretary (Administration) to the State Ministry of Production, Supply & Regulation of Pharmaceuticals.

She holds Bachelor of Science in Agriculture (University of Peradeniya) and the Master of Public Management in Project Management (Sri Lanka Institute of Development Administration).

She has served as an Assistant Commissioner to the Department of Motor traffic (2000-2001) and as a Director to the Ministry of Healthcare & Nutrition (2001-2010). In the year of 2010, She was the Assistant Director (Janadiriya) of Ministry of Local Government & Provincial Councils.

Ms. Denawatta had served in a capacity of a Senior Assistant Secretary to the Ministry of Provincial Council & Local Government (2011-2017) & the Ministry of Buddhasasana, Religious and Cultural Affairs (2017-2021).



Ms. A.R. Wickramasinghe
Director

Ms. A.R Wickramasinghe was appointed to the Board of Directors of SPMC in April 2022 and she has more than 15 years experiences in Public & Private sector organizations in the capacity of a Senior Manager, Director & Board member.

She has act as a Board Member of Kahatagaha Graphite Lanka Limited (KGLL), BCC (Lanka) Ltd, Sri Lanka State Plantation Corporation (SLSPC). Ms.A.R Wickramasinghe has served as a Senior Manager to the Public Enterprises Reform Commission (PERC) & the Accountant of Time Garments (Pvt) Ltd earlier.

She holds the Bachelor of Science in Business Administration in University of Sri Jayawardenapura & the Master of Business Administration in finance in University of Colombo.

Ms. A.R Wickramasinghe currently serves as a Senior Manager & Assistant Director to the Department of Public Enterprises (PED), Ministry of Finance / Treasury. As well as she acts as a Board Member of National Water Supply & Drainage Board (NWSDB).

FRONT ROW

Mr.R. M. R. M. Ranasinghe
Mr.R. Darmadasa
Mr.S.P. Jayaweera
Mrs.S.W. Jayasundara
Dr. P. P. G. P. U. Indrawansa
Mrs.A.G. De S.Athuraliya
Mr.P. D. Jayasundera
Mrs.C. D. Maginaarachchi
Mrs.A.M.T.P. Kulasekara

SPM

Management Team



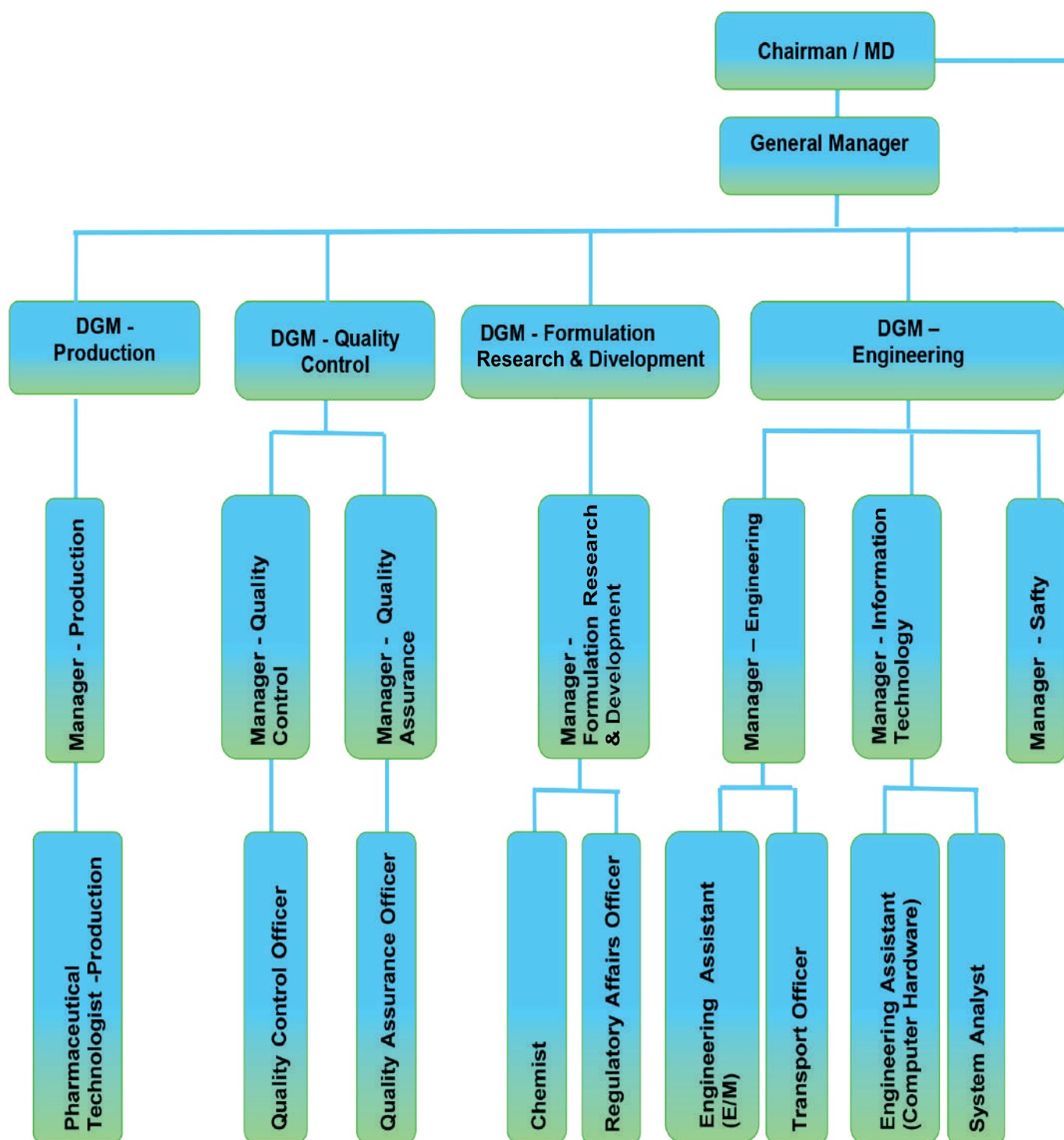


BACK ROW

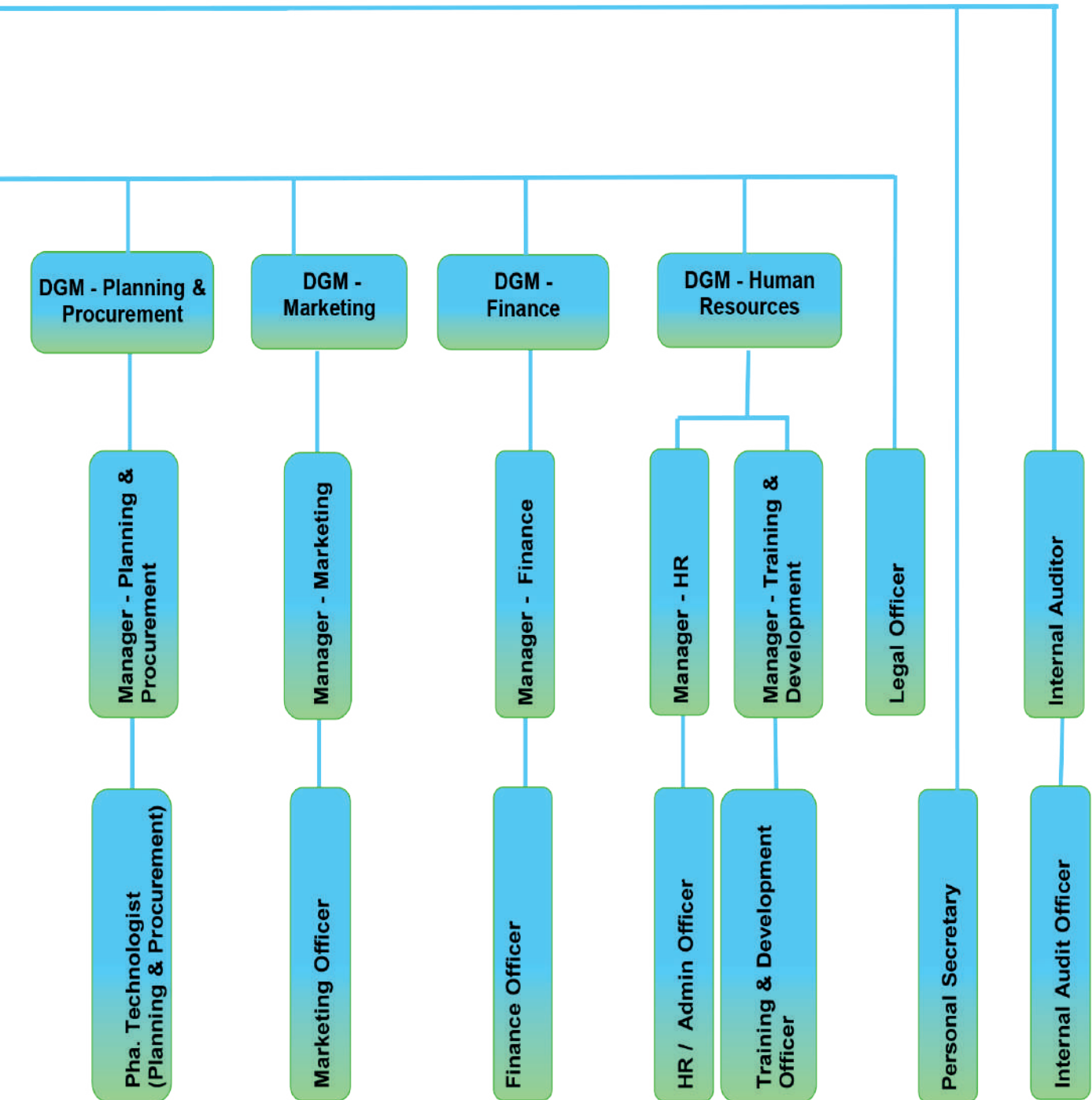
Mrs.A.C.P.Anandakumara
Mrs.C.S.Obesekara
Mr.S. Wickramasinghe
Mr.Y. M. P. Kumara
Mr.J.M.S. Jayasundera
Mr.M. Benaragama
Mr.B. V. H. P. S. Kumara
Miss.P. Danthanarayana



Organizational



Structure



DIRECTORS' REPORT

The Directors have pleasure in forwarding their Report and Audited Accounts for the year ended 31st December 2022. The Accounts are set out on pages 33-61.

PRINCIPAL ACTIVITIES

The Principal Activities of the Corporation are,

- Either by itself or by entering in to such Joint Venture, Public-Private Partnership or other such agreement to manufacture, process, stock, pack or repack medicine.
- To create subsidiary companies.
- To enter into International Agreements with potential investors.
- To provide technical assistance for the manufacturing and processing of medicine.
- To undertake pharmacological and pharmaceutical research and the standardization of medicine.
- To market medicinal products produced by the Corporation or Joint Venture or other such agreements.

REVIEW OF BUSINESS

The state of affairs of the Corporation as at 31st December 2022 is set out in the Statement of Financial Position on page 34.

TURNOVER & RESULTS

The Turnover, results for the year and the changes in the equity are set out in the Income Statement on page 33 and the Statement of Changes in Equity on page 35 respectively.

DONATIONS

During the year, no donations have been made by the Corporation.

PROPERTY, PLANT & EQUIPMENT

The movements in property, plant & equipment during the year are set out in Note 10 in the financial statement on page 54.

DIVIDEND / CONTRIBUTION

The Board of Directors recommended and made a Payment of Rs. 100,000,000 by way of Dividends to the consolidated fund of the General Treasury.

RESERVES

Total Reserves of the Corporation and their composition have been given in the Statement of Changes in Equity on page 35 in the financial statements.

DIRECTORS

The Board consists of five Directors, whom are appointed by the Minister of Health. One of the Directors is the Finance Ministry representative and the other is representing Ministry of Health. Directors of the Board were appointed in January 2020. During the period, the Board of Directors had held eight meetings. The Chairman and the Board of Directors take the responsibility for the affairs of the Corporation for the related period.

• Dr. P. P. G. P. U. Indrawansa	-Chairman
• Dr. Bandula Wijesiriwardena	-Director
• S. A. Chandrika Kulathilake (Up to March 2022)	-Director
• V. G. Chaminda Wickramaratne	-Director
• U. S. K. Denawatte	-Director
• A.R. Wickramasinghe (From April 2022)	-Director

APPOINTMENT OF AUDITORS

In terms of the provision of Finance Act 1971, the Auditor General is the Auditor of the Corporation and had carried out his annual audit of the financial activities of the Corporation for the year ended 31st December 2022.

ACCOUNTING POLICIES

The principal accounting policies of Corporation are set out on pages 38-46

Dr. P.P.G.P.U. Indrawansa
Chairman
State Pharmaceuticals Manufacturing
Corporation of Sri Lanka
28th February 2023

ENVIRONMENTAL PROTECTION

It is the responsibility of the corporation to operate in a manner that will not have a detrimental effect on the environment and to provide products of the highest quality that have a beneficial effect for our customers and the communities within which we operate.

STATUTORY PAYMENTS

All statutory payments to the government and the employees have been made at the balance sheet date.

EVENTS AFTER BALANCE SHEET DATE

No events have occurred since the balance sheet date, which would require adjustments to, or disclosure in the financial statements.

GOING CONCERN

The Financial Statements are prepared based on the going concern concept. The Board of Directors satisfied that the Corporation has adequate resources to continue its operations in the foreseeable future.

REPORT OF THE AUDIT COMMITTEE - 2022

The Audit Committee (AC) constitutes in accordance with the Guidelines on Corporate Governance for State Owned Enterprises issued by the Public Enterprise Department effective from 17.11.2021.

As per the model audit committee charter of above guidelines, The Audit Committee provides assistance to the Board of Directors in fulfilling its responsibility for, preparation, presentation and adequacy of disclosures in the Financial Statements, in accordance with the Sri Lanka Accounting Standards, Compliance with financial reporting requirements, information requirements of the Establishment Acts, Companies Act, and other relevant financial reporting related regulations and requirements, Process to ensure that the entity's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards, Ensuring performance of the entity's internal audit function, Identification, monitoring and management of significant business/ financial risk when there is no Risk Committee in place, Reporting on related party transactions of Board members and key management personnel.

As per the guidelines,

-The AC comprised three non - Executive Directors of the Corporation and chaired by the Director representing the Treasury during the year.

-Mr. R S K Wijemanna - Audit Superintendent of National Audit Office and the Ms. R M S Wasantha - Chief Internal Auditor of the Ministry of Health participated as observers.

The Internal Auditor of SPMC functioned as the convener of the AC meetings.

The Chairman of SPMC participated to the AC meetings by invitation of the AC.

During the financial year, Audit Committee met once in three months and 05 meetings were held.

In the year 2022, the Committee

- Considered certain internal audit reports issued during the year, covering the nature of the issues, responses by the heads of departments and corrective actions that were taken by the respective management to overcome the deficiencies highlighted.
- Reviewed & made suitable recommendations about the adequacy of certain internal control systems in the areas including finance, procurement, inventories and fixed assets.
- Considered the follow up actions taken by the respective heads of the departments on the recommendations of the committee.
- Paid attention to the accuracy of information generated by the Enterprise Resource Planning (ERP) system in the areas of raw materials and finished goods where Internal Audit reports were issued.
- Considered the followed-up actions taken for rectifying unsolved issues pointed out in the Auditor General's Reports - 2019 & 2020 and made suitable recommendations.
- Reviewed the Auditor General's Report 13 (7) (A) (management letter) for the year 2020 and considered the action taken for rectifying issues.
- Considered and made recommendations to the board of directors on appointing a Risk Committee (RC) and holding the Annual Performance Review Meeting (APRM) for SPMC.
- Paid attention on requirement of an Audit Committee Charter for SPMC and made recommendations.
- Paid attention for the submission of Annual Report - 2021 to the parliament.
- Reviewed the budgeted financial statements for the year 2023 & made suitable recommendations.

The Audit Committee is of the opinion that terms of reference of the Committee covered the subjects in all material aspects.

Audit Committee Members

S.A.C. Kulathilaka	-Chairperson	-Director - SPMC / Director General - Department of Management Audit (Up to 22. 03. 2022)
A.R. Wickramasinghe	-Chairperson	-Director - SPMC / Director (Acting)- Department of Public Enterprises of Ministry of Finance (From 29. 04. 2022)
V.G.C. Wickramaratna	-Member	-Director - SPMC
U.S.K. Denawatta	-Member	-Director - SPMC/ Additional Secretary (Admin) - Unit of Production, Supply and Regulation of Pharmaceuticals – Ministry of Health

A.R. Wickramasinghe
Chairperson – Audit Committee
22.02.2023

CORPORATE GOVERNANCE REPORT

Corporate Governance is the system by which companies are directed & controlled by the Management in the best interest of the stakeholders (investors, employees, suppliers, consumers, government & public) ensuring greater transparency, better and timely financial reporting.

Board of Directors is responsible for the Governance of the Corporation.

DIRECTORS

The Board comprises professional and experienced persons from Management, Pharmacology, Medicine, Marketing, Financial and Administration sectors.

The Board of Directors consists of one Executive Director who is the Chairman, and four non-Executive Directors.

The Board meets monthly intervals and in addition special meetings are also arranged as required, unless otherwise in the event of parliament has been dissolved or Board has not been appointed by Hon. Minister.

During the period under review, eight board meetings were held.

MANAGEMENT COMMITTEE

Corporate Management Committee is headed by Chairman of the Corporation. The Committee comprises Heads and Deputy Heads of the Departments of the Corporation.

Management Committee makes decisions on day-to-day operations of the Corporation, implements the policy decision and strategic objectives as well as makes recommendations as necessary for Board of Directors to take policy decisions.

Management Committee meets at monthly intervals.

AUDIT COMMITTEE

Audit Committee is constituted in accordance with the 'Public Enterprises Guideline for Good Governance' and Public Finance Circulars.

The Audit Committee is appointed by the Board and comprises three non – executive Directors of the Corporation. Director who represents Ministry of Finance chairs the Committee.

The Audit Committee independently examines and evaluates the activities of the Corporation. Internal Audit function carried out in accordance with "Internal Audit Plan" is approved by the Audit Committee with the notification of the Auditor General.

During the period under review, five Audit Committee meetings were held. Audit committee report is set out in page 20.

INVESTOR'S RELATIONSHIP & PUBLIC ACCOUNTABILITY

Public Enterprises are established, owned and operated by the Government on behalf of the Public. Therefore, Board of Directors and Managers of the Corporation are responsible for managing the enterprises to the Ministry of Health as line Ministry and the General Treasury of the Finance Ministry.

Annual Report, Annual Accounts, Annual Budgets, Quarterly Performance Reports are forwarded to the same authorities, fulfilling the above responsibility.

Throughout the democratic world, Parliament, consisting of elected representatives of the people, has been accepted as the ultimate authority on public finance.

Annual Report which embodies the performance of the Corporation, Financial Statements, and Auditor General's Report is tabled in parliament for review by the Members of Parliament. Being a Public Enterprise, the Corporation is also accountable for the "Committee for Public Enterprises" (COPE) of Parliament.

REMUNERATION POLICY

Corporation's remuneration policy is set out on the recommendations of the Management Services Department of the General Treasury.

Director's allowances and perquisites are decided and paid in accordance with the applicable circulars in relation to allowances and perquisites of directors of Corporations issued by the General Treasury.

Employees' salaries are paid on salary scales prepared by Corporation, based on Public Administration salary scales with the approval of the Department of Management Services of the General Treasury.

A performance incentive scheme is in place to link rewards directly to the performance.

INTERNAL CONTROL

The Board has responsibility to ensure that Corporation maintains a system of Internal Control, which is designed to provide reasonable assurance that all transaction entered into by the Corporation are properly authorized, recorded & reported.

Functional Organization Structure is in operation. Departments are designed with defined activities such as Production, Quality Control, Maintenance, Finance, Planning, and Formulation Research & Development & Marketing. Heads of each Department directly report to the General Manager who is the Chief Operating Officer of the Corporation.

General Manager reports to the Chairman & the Board of Directors.

Internal Control system is augmented by the internal Audit function. The Internal Auditor reports direct to the Chairman of the Corporation and Audit Committee, thereby strengthening the independence of the Internal Auditor.

National Procurement Guidelines are followed by the corporation in order to maintain the transparency of the transactions and thereby giving equal opportunities to interested parties.

The Annual Budget which includes the capital budget are approved by the Board and forwarded to Ministries of Health & Finance Ministry.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of directors, in relation to the financial statements, differ from responsibilities of the Auditors, which are set out in the Report of the Auditor General on pages 63-73.

Under the Financial Act No.38 of 1971, a public corporation shall cause proper accounts of the income and expenditure, assets and liabilities and of all other transactions of the corporation to be kept. A Public corporation shall prepare an annual statement of accounts and statistics relating to the activities of the corporation in such form and containing such particulars.

The Board of Directors has a statutory responsibility in the stewardship of the enterprise on behalf of the Government and stakeholders, they are responsible for ensuring that the corporation keep sufficient accounting records to disclose with reasonable accuracy the financial position of the corporation and for ensuring that the financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards and provide the information required by the Finance Act No.38

of 1971 and the directors continue to adopt the going concern basis in preparing the financial statements.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the corporation and in this regard to give proper consideration to the establishment of appropriate internal control systems comprising of internal audit, internal checks and financial reviews and detect fraud and irregularities.

Under the financial Act No. 38 of 1971, the Auditor General has examined the financial statements made available by the Board of Directors together with all the financial records and related data and expressed their opinions which appears as reported on page 63-73 of this report.

Dr. P. P. G. P. U. Indrawansa
Chairman
State Pharmaceuticals Manufacturing
Corporation of Sri Lanka

RISK MANAGEMENT REPORT

At SPMC, we understand the value of risk management in preserving both the short term and long-term sustainability of our organization. Risk management is an essential component of our corporate strategy and business model since it has a direct impact on our ability to create value over time.

The Purpos of Risk Management :

- Guarantee a long – lasting existence of a Corporation.
- Protection of Corporation from the environment & market.
- Protection of employees, Corporation's assets and the general public.
- Support for efficient use of resources

The management of the SPMC has implemented the following measures to manage the risks including liquidity risk, procurement risk, product risk, market risk, exchange rate risk, socio - economical risk & human resource risk.

Liquidity Risk

SPMC Supplies Pharmaceuticals 100% on credit terms to the Medical Supplies Division.

Long-term unsettled bills from the Medical Supplies Division may create liquidity risk. Therefore, to overcome liquidity risk, management has taken steps to get settlements with the involvement of the Treasury from related authorities.

Procurement Risk

Procurement of new material is mainly done by following Government Tender Procedures and more than 80% of the raw material is imported. Therefore, there is a risk of continuous supply of raw materials which may affect the production process.

To overcome this risk, availability of raw material is closely monitored by the management & steps have been taken to expand the supplier base through worldwide tender procedures.

Products Risk

All products released on the market meet with our in-house specifications as well as British Pharmacopeias (BP) and United State Pharmacopeias (USP) requirements.

Good Manufacturing Practices (GMP) are regularly monitored and other systems & procedures related to products are continuously reviewed in order to ensure that products are in accordance with required standards.

Market Risk

The market associated with SPMC is at the risk of increasing competition. Pharmaceutical companies involved in importing pharmaceuticals can be identified as the main competitors for our products. Being aware of the risk, we continuously focus on increasing productivity to reduce overall costs.

Exchange Rate Risk

Fluctuation of exchange rate directly affects the pricing of products. During the year 2022, increase in exchange rate was badly affected the product pricing. Management of SPMC had a pricing committee meeting to overcome weaknesses.

Socio - Economical Risk

Providing effective drugs at affordable prices to the national health care system and the general public is the main responsibility of the SPMC as a state organization.

Risk of Human Resource

There is a risk of migrating skilled employees in the organizations and management has taken the decision to change the no-pay leave procedure.

SUSTAINABLE DEVELOPMENT GOALS

State Pharmaceuticals Manufacturing Corporation as a responsible government organization contributes to achievement of the Sustainable Development Goals through incorporating SDGs to the short, medium and long-term strategies of the corporation.

Corporation has paid Rs. 375 million as employee cost to upgrade their livelihoods to 321 employees. Further, various welfare activities such as loan schemes, medical facilities ...etc. are provided with the aim of enhancing the living standards of employees and their families.

SPMC as a state organization, supplies high quality pharmaceuticals at affordable prices with the aim of providing economic relief to the general public.

1 NO POVERTY



SPMC as the only state organization manufactures pharmaceuticals follows internationally recognized standards in the manufacturing process.

Pharmaceuticals (SPMC product range) are continuously supplied to the government hospitals without creating drugs shortages in the government hospitals and are supplied to the private market at affordable prices through distribution channel.

The Corporation has provided benefits to employees including medical benefits through medical scheme covering the employees and their family members, gratuity, maternity leave etc. to enhance the health and well-being.

3 GOOD HEALTH AND WELL-BEING



The corporation has given equal opportunity to all employees and do not discriminate based on the gender. All the employees are treated with a non – discriminating rewarding policy between men and women leading both parties eligible for the same rewarding scales (1:1) for the same job categories adhering to the all the statutory and other requirements.

5 GENDER EQUALITY



The Corporation has contributed Rs. 800 million as various taxes, levies and duties to the Government for the economic growth of the country. As the only State Pharmaceutical Manufacturer, SPMC Supplies pharmaceutical drugs continuously throughout the year to the government hospitals and private sector without creating pharmaceutical shortage in the country.

Further SPMC added economic value and dollar savings to the country over 35% of the total turnover of SPMC in the year of 2022.

8 DECENT WORK AND ECONOMIC GROWTH



SPMC has enhanced scientific research by launching new essential drugs such as Sitagliptin Tablets 50mg, Rosuvastatin Tablets 10mg etc. in the year 2022 with the objective of supplying drugs at the affordable prices and make available in the private market and government hospitals. SPMC has planned to establish plant for manufacturing of oral solid dosage (OSD) oncology drugs and orthopedic equipment.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Having clear equality policies can help to treat everyone fairly in day-to-day activities like trainings, recruitments, task delegations and promotions.

10 REDUCED INEQUALITIES



We maintain environmentally sound management system to dispose waste in accordance with agreed international frameworks and ensure non – release to air, water and soil in order to minimize their adverse impacts on human health and the environment. Pharmaceuticals waste is disposed based on the internationally accepted methodologies and complying with those laws and regulations.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



We inbuilt the procedures and practices to minimize and avoid the impacts to climate related hazard and natural disasters. Training and awareness programs are provided to staff for implementation.

13 CLIMATE ACTION



CORPORATE SOCIAL RESPONSIBILITIES

SPMC has taken several steps to contribute health, welfare and sustainable development of the society. SPMC has conducted some activities in Cancer Hospital such as donating blood, providing meals and essential drugs, repairing operation theatre.... etc. with the involvement of SPMC staff.



PRODUCTS MANUFACTURED BY SPMC IN 2022

Item Wise Product Quantity in Million (Units of Tablets / Capsules)

Products	Quantity (Mn)
Amoxicillin Capsules BP 250mg	80.85
Amoxicillin Capsules BP 500mg	43.58
Amoxicillin Tablets USP 125mg	12.59
Ascorbic Acid Tablets BP 100mg	144.45
Aspirin Tablets BP 75 mg	1.50
Atenolol Tablets BP 50mg	10.00
Atorvastatin Tablets IP 10mg	191.01
Atorvastatin Tablets IP 20mg	52.80
Benzhexol Tablets BP 2mg	40.00
Bisoprolol Tablets BP 5 mg	4.50
Carbamazepine Tablets BP200mg	31.75
Cetirizine Tablets BP10 mg	29.90
Ciprofloxacin Tablets USP 250mg	3.00
Ciprofloxacin Tablets USP 500mg	4.00
Clarithromycin Tablets USP 250mg	9.60
Clopidogrel Tablets USP 75mg	2.99
Cloxacillin Capsules BP 250mg	20.28
Cloxacillin Capsules BP 500mg	19.25
Co-Trimoxazole Tablets BP (Adult)	8.25
Diclofenac Tablets USP 50mg	35.10
Diltiazem HCl Tablets USP 30 mg	48.00
Diltiazem HCl Tablets USP 60 mg	10.50
Domperidone Tablets BP 10mg	58.10
Enalapril Maleate Tablets USP 5mg	55.21
Famotidine Tablets BP 20mg	102.63
Flucloxacillin Capsules BP 250mg	8.40
Flucloxacillin Capsules BP 500mg	9.28
Folic Acid Tablets BP 1mg	64.00

Products	Quantity (Mn)
Frusemide Tablets BP 40mg	73.50
Gabapentin Capsules USP 300mg	7.72
Gliclazide Tablets BP 40mg	174.00
Gliclazide Tablets BP 80mg	297.00
Indomethacin Capsules BP 25mg	5.00
Levothyroxine Tablets IP 50mcg	54.71
Loratadine Tablets USP 10 mg	3.75
Losartan Potassium Tablets BP 25 mg	1.50
Losartan Potassium Tablets BP 50mg	309.40
Mebendazole Tablets USP 500mg	0.32
Mefenamic acid Tablets BP 500mg	0.41
Metformin Tablets BP 500mg	72.84
Metronidazole Tablets BP 200mg	14.40
Omeprazole Capsules IP 20 mg	201.80
Paracetamol Tablets BP 500mg	523.05
Phenoxymethylpenicillin Tablets BP 250mg	12.80
Prednisolone Tablets BP 1mg	50.45
Prednisolone Tablets BP 5mg	106.40
Propranolol Tablets BP 40mg	13.95
Rosuvastatin Tablets IP 10 mg	1.07
Salbutamol Tablets BP 2mg	117.60
Salbutamol Tablets BP 4mg	6.00
Spironolactone Tablets USP 25mg	36.00
Theophylline E/R Tablets USP 125mg	13.65
Tramadol Capsules IP 50mg	1.20
Trifluoperazine HCl Tablets BP 5mg	13.50
Verapamil Tablets 40mg BP	24.20
Vitamin B Complex Tablets CHF	64.40

ITEMS TO BE LAUNCHED IN 2023

Amlodipine Besylate Tablets USP 5 mg
 Folic Acid Tablets BP 400mcg
 Ibuprofen Tablets BP 200 mg
 Metformin Tablets BP 850 mg
 Methyl Prednisolone Tablets BP 4 mg
 Levetiracetam Tablets USP 250 mg

JOINT VENTURE PRODUCTS

- 
- 1 Acetaminophen Suppositories USP 125 mg
 - 2 Acetaminophen Suppositories USP 250 mg
 - 3 Acetaminophen Suppositories USP 500 mg
 - 4 Acetazolamide Tablets BP 250 mg
 - 5 Aciclovir Tablets BP 200 mg
 - 6 Aciclovir Tablets BP 800 mg
 - 7 Alfalcidol Softgelatin Capsules 0.25 mcg
 - 8 Amiodarone Tablets BP 100 mg
 - 9 Amisulpride Tablets BP 200 mg
 - 10 Amlodipine Besylate Tablets USP 2.5 mg
 - 11 Aripiprazole Tablets USP 10 mg
 - 12 Atorvastatin Tablets IP 10 mg
 - 13 Atorvastatin Tablets IP 20 mg
 - 14 Atorvastatin Tablets 40 mg
 - 15 Baclofen Tablets 5 mg
 - 16 Baclofen Tablets BP 10 mg
 - 17 Betamethasone Valerate Cream USP 0.1%, 15 g
 - 18 Betamethasone Valerate Cream USP 0.1%, 5 g
 - 19 Betamethasone Valerate Ointment USP 0.1%, 15g
 - 20 Betamethasone Valerate Ointment USP 0.1%, 5g
 - 21 Bisacodyl Suppositories USP 10 mg
 - 22 Bisacodyl Tablets BP 10 mg
 - 23 Bisoprolol Fumarate Tablets USP 2.5 mg
 - 24 Bosentan Tablets 125 mg
 - 25 Bosentan Tablets 62.5 mg
 - 26 Cabergoline Tablets USP 0.5 mg
 - 27 Calciferol Tablets 10000IU
 - 28 Calcitriol Softgel Capsules 0.25 mcg
 - 29 Calcium Carbonate Tablets 1250 mg
 - 30 Calcium Carbonate Chewable Tablets BP 500 mg
 - 31 Calcium Lactate Tablets BP 300 mg
 - 32 Captopril Tablets 12.5 mg
 - 33 Carvedilol Tablets USP 3.125 mg
 - 34 Carvedilol Tablets USP 6.25 mg
 - 35 Carvedilol Tablets USP 12.50 mg
 - 36 Cetirizine Oral Solution BP 5 mg /5 ml
 - 37 Chlorpheniramine Oral Solution USP 2 mg /5 ml
 - 38 Chlorpromazine Tablets BP 50 mg
 - 39 Ciprofloxacin Intravenous Infusion BP 0.2% w/v, 100ml
 - 40 Clindamycin Capsules BP 150 mg
 - 41 Clindamycin Capsules BP 300 mg
 - 42 Clomipramine Tablets 50 mg
 - 43 Clopidogrel Tablets 75 mg
 - 44 Clotrimazole Cream 1% 15 g
 - 45 Clozapine Tablets USP 100 mg
 - 46 Colecalciferol Tablets BP 400 IU
 - 47 Compound Sodium Lactate Intravenous Infusion BP 500 ml
 - 48 Cotton Crape Bandage, 10cm - 6m Roll
 - 49 Cotton Crape Bandage, 5cm - 3m Roll
 - 50 Cotton Crape Bandage, 7.5cm - 4.5m Roll
 - 51 Dapsone Tablets BP 25 mg
 - 52 Dapsone Tablets BP 50 mg
 - 53 Deferasirox Tablets 100 mg
 - 54 Deferasirox Tablets 400 mg
 - 55 Dextran 40 Intravenous Infusion BP 10% w/v, 500 ml
 - 56 Diclofenac Sodium Suppositories 100 mg
 - 57 Diclofenac Sodium Suppositories 12.5 mg
 - 58 Diclofenac Sodium Suppositories 25 mg
 - 59 Domperidone Suppositories 10 mg
 - 60 Domperidone Suppositories 30 mg
 - 61 Domperidone Suppositories 60 mg
 - 62 Donepezil Hydrochloride Tablets USP 5 mg
 - 63 Doxepin Capsules BP 50 mg
 - 64 Eco Cleanse (1-500 Dilution) General Purpose Disinfectant Cleaner (Teepol)
 - 65 Ferrous Fumarate + Folic Acid Tablets 182.4 mg
 - 66 Ferrous Fumarate + Folic Acid Tablets 91.2 mg
 - 67 Ferrous Sulphate Tablets 200 mg
 - 68 Fluphenazine HCl USP 5 mg
 - 69 Gabapentin Capsules USP 300 mg
 - 70 Gabapentin Capsules USP 300 mg - Blister
 - 71 Gastro resistant Aspirin Tablets BP 75 mg
 - 72 Gastro Resistant Diclofenac Tablets BP 25 mg
 - 73 Gastro-resistant Sodium Valproate Tablets BP 100 mg
 - 74 Gastro-resistant Sodium Valproate Tablets BP 200 mg
 - 75 Gliclazide Modified Release Tablets 30 mg (Blister)
 - 76 Glucose Intravenous Infusion BP 10% w/v, 500 ml
 - 77 Glucose Intravenous Infusion BP 25% w/v, 25 ml
 - 78 Glucose Intravenous Infusion BP 5% w/v, 500 ml
 - 79 Glucose Intravenous Infusion BP 50% w/v, 50 ml
 - 80 Haemodialysis Solution 5 l
 - 81 Haemodialysis Solution 10 l
 - 82 Hydralazine Tablets BP 50 mg
 - 83 Hydrocortisone Acetate Cream 1%, 15 g
 - 84 Hydrocortisone Acetate Cream 1%, 5 g
 - 85 Hydrocortisone Ointment 1%, 15 g
 - 86 Hydrocortisone Ointment 1%, 5 g
 - 87 Hydroxychloroquine Sulfate Tablets USP 200 mg
 - 88 Isosorbide Mononitrate Tablets BP 30 mg
 - 89 Labetalol Tablets BP 100 mg
 - 90 Lactulose Solution 120 ml
 - 91 Lamotrigine Tablets USP 25 mg
 - 92 Lamotrigine Tablets USP 50 mg
 - 93 Lamotrigine Tablets USP 100 mg
 - 94 Levamisole Hydrochloride Tablets USP 40 mg
 - 95 Levetiracetam Tablets USP 250 mg
 - 96 Levetiracetam Tablets USP 500 mg
 - 97 Lithium Carbonate Tablets BP 250 mg
 - 98 Losartan Potassium Tablets BP 25 mg



99	Losartan Potassium Tablets BP 50 mg	151	Sodium Chloride Intravenous Infusion BP 0.9% w/v, 500 ml
100	Magnesium Sulfate Injection BP 50% w/v, 10 ml	152	Sodium Chloride & Glucose Injection BP 0.9% & 5% w/v, 5 ml
101	Mannitol Intravenous Infusion BP 20% w/v, 250 ml	153	Sodium Chloride & Glucose Intravenous Infusion BP 0.45% & 10% w/v, 500 ml
102	Mesalazine Suppositories BP 500 mg	154	Sodium Chloride & Glucose Intravenous Infusion BP 0.45% & 5% w/v, 500 ml
103	Metformin SR Tablets 500 mg	155	Sodium Chloride & Glucose Intravenous Infusion BP 0.9% & 10% w/v, 500 ml
104	Metformin Tablets BP 500mg	156	Sodium Chloride & Glucose Intravenous Infusion BP 0.9% & 5% w/v, 500 ml
105	Methionine Tablets 500 mg	157	Sodium Chloride Intra. Infusion BP 3% w/v, 500 ml
106	Methyldopa Tablets BP 250 mg	158	Sodium Fusidate Tablets 250 mg
107	Metolazone Tablets USP 5 mg	159	Solifenacin Succinate Tablets 5 mg
108	Metoprolol Tartrate Tablets USP 50 mg	160	Solifenacin Succinate Tablets 10 mg
109	Metronidazole Intravenous Infusion BP 0.5% w/v, 100 ml	161	Sotalol hydrochloride tablets USP 80 mg
110	Miconazole Nitrate Cream 2%, 15 g	162	Sterilised Water for Injections BP-10 ml
111	Mycophenolate Mofetil Tab USP 500 mg	163	Sulfadiazine Tablets USP 500 mg
112	Mycophenolate Mofetil Tablets USP 250 mg	164	Sumatriptan Tablets BP 50 mg
113	Nalidixic Acid Tablets 250 mg	165	Tamsulosin Prolonged Release Capsules BP 0.2 mg
114	Nicorandil Tablets BP 10 mg	166	Tamsulosin Prolonged Release Capsules BP 0.4 mg
115	Ofloxacin Intravenous Infusion 0.2% w/v, 100 ml	167	Theophylline Extended-Release Tablets 125 mg
116	Omeprazole Capsules 20 mg	168	Thiamine Hydrochloride Tablets USP 10 mg
117	Omeprazole Magnesium Tablets 10 mg	169	Thiamine Hydrochloride Tablets USP 100 mg
118	Oseltamivir Phosphate Capsules USP 30 mg	170	Tranexamic Acid Capsules 500 mg
119	Oseltamivir Phosphate Capsules USP 45 mg	171	Trientine Hydrochloride Capsules USP 300 mg
120	Oxcarbazepine Tablets USP 150 mg	172	Trifluoperazine Tablets BP 5 mg
121	Oxcarbazepine Tablets USP 300 mg	173	Ursodeoxycholic Acid Tablets BP 150 mg
122	Paediatric Paracetamol Oral Solution BP 120 mg / 5ml	174	Valganciclovir Tablets 450 mg
123	Pancreatin Capsules 150 mg	175	Venlafaxine Hydrochloride Extended-Release Capsules USP 37.5 mg
124	Penicillamine Capsules USP 250 mg	176	Venlafaxine Hydrochloride Extended-Release Capsules USP 75 mg
125	Phytomenadione Tablets BP 5 mg	177	Verapamil PR Tablets BP 240 mg
126	Pizotifen Tablets BP 0.5 mg	178	Vigabatrin Tablets BP 500 mg
127	Potassium Chloride 15% Injection 10 ml	179	Vitamin A Capsules
128	Povidone Iodine Solution 10%, 500 ml	180	Voriconazol Tablets 20 mg -(200 mg)
129	Povidone Iodine Solution 7.5%, 500 ml	181	Wafarin Sodium Tablets USP 0.5 mg
130	Prazosin Tablets 1 mg	182	Wafarin Sodium Tablets USP 1 mg
131	Pregabalin Capsules IP 75 mg	183	Wafarin Sodium Tablets USP 3 mg
132	Primidone Tablets USP 250 mg	184	Wafarin Sodium Tablets USP 5 mg
133	Prolong Released Propranolol Capsules BP 160 mg	185	Zinc Sulfate Tablets USP 10 mg (Dispersible)
134	Prolonged Release Diltiazem Tablets BP 90 mg	186	Zinc Sulfate Tablets USP 20 mg (Dispersible)
135	Pyridoxine Tablets BP 10 mg	187	Vitamin A Capsules
136	Pyridostigmine Tab BP 60 mg	188	Voriconazol Tablets 20 mg -(200 mg)
137	Pyrimethamine Tabs BP 25 mg	189	Wafarin Sodium Tablets USP 0.5 mg
138	Quetiapine Extended-Release Tablets USP 200 mg	190	Wafarin Sodium Tablets USP 1 mg
139	Quetiapine Tablets USP 25 mg	191	Wafarin Sodium Tablets USP 3 mg
140	Quetiapine Tablets USP 100 mg	192	Wafarin Sodium Tablets USP 5 mg
141	Risperidone Tablets USP 1 mg	193	Zinc Sulfate Tablets USP 10 mg (Dispersible)
142	Risperidone Tablets USP 2 mg	194	Zinc Sulfate Tablets USP 20 mg (Dispersible)
143	Salbutamol Oral Solution 2 mg / 5 ml		
144	Sertraline HCT Tablets USP 50 mg		
145	Sildenafil Tablets USP 50 mg		
146	Silver Sulphadiazine Cream 1%, 15 gr		
147	Silver Sulphadiazine Cream 1%, 500 gr		
148	Sitagliptin Tablets USP 50 mg		
149	Sitagliptin Tablets USP 100 mg		
150	Sodium Bicarbonate Tablets USP 600 mg		

Financial Statements



STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31st December 2022

(All amounts in Sri Lankan Rupees)

	Note	For the year 2022	For the year 2021
Revenue	1	16,620,184,659	8,538,944,512
Cost of Sales	2	(14,559,044,540)	(7,102,322,996)
Gross Profit		2,061,140,119	1,436,621,516
Other Operating Income	3	16,520,019	14,370,344
Administrative Expenses	4	(332,120,885)	(244,271,572)
Selling & Distribution Expenses	5	(472,762,064)	(109,186,789)
Other Operating Expenses	6	(19,415,514)	(10,478,114)
Operating Profit		1,253,361,675	1,087,055,386
Finance Cost	7	(18,908,009)	(8,520,055)
Finance Income	8	351,759,383	156,792,127
Profit Before Tax		1,586,213,049	1,235,327,457
Tax Expenses	9	(620,740,598)	(229,141,993)
Profit for the Year		965,472,451	1,006,185,464

Statement of Comprehensive Income


Profit for the Year		965,472,451	1,006,185,464
(-) Actuarial (Gain) / Loss		(32,822,249)	9,873,540
Income Tax on Actuarial (Gain) / Loss	9 (B) (i)	9,846,675	(1,777,237)
		(22,975,574)	8,096,303
(-) Revaluation Surplus of PP & E		797,137,916	-
Income Tax on Revaluation Surplus of PP & E	9 (B) (i)	(239,141,375)	-
Other Comprehensive Income for the Year, Net of Tax		557,996,541	-
Total Comprehensive Income for the Year, Net of Tax		1,500,493,418	1,014,281,767

STATEMENT OF FINANCIAL POSITION**As at 31st December 2022**

(All amounts in Sri Lankan Rupees)

	Note	As at 31.12.2022	As at 31.12.2021
ASSETS			
Non Current Assets			
Property, Plant and Equipment	10	3,656,401,031	2,974,013,880
Intangible Assets	11	6,258,464	2,299,428
Other Non Current Assets	14	1,361,876	1,331,299
Prepaid Lease	13	322,383,586	3,184,266
Work in Progress - Construction		117,009,089	82,892,316
Current Assets			
Inventories	15	3,018,074,553	1,624,026,442
Trade and Other Receivables	16	2,431,109,540	507,636,481
Prepayments	17	61,577,319	30,642,190
Other Financial Assets	18	4,398,099,756	3,452,508,242
Cash In Hand & At Bank	19	1,436,015	1,767,448
		9,910,297,183	5,616,580,803
Total Assets		14,013,711,229	8,680,301,991
EQUITY AND LIABILITIES			
Authorised Capital		850,000,000	850,000,000
Stated Capital	20	690,079,000	690,079,000
Retained Earnings		5,432,569,219	4,589,998,196
Revaluation Reserve	26	557,996,541	-
Total Equity		6,680,644,760	5,280,077,196
Non-Current Liabilities			
Employee Benefit Liabilities		165,380,683	110,331,838
Deferred Tax Liability	21	651,193,284	219,013,634
JICA Loan - Government Capital Investment	22	2,416,094,044	2,416,094,044
		3,232,668,011	2,745,439,516
Current Liabilities			
Trade and Other Payables	23	3,835,520,591	556,216,467
Tax Payable		264,877,868	98,568,811
		4,100,398,459	654,785,279
Total Equity and Liabilities		14,013,711,229	8,680,301,991

The Accounting Policies on Pages 38-46 form an integral part of these Financial Statements. The Board of Directors are responsible for the preparation and presentation of these Financial Statements. These Financial Statements are presented to Auditor General's Department with Board of Directors approval and signed on their behalf.

Chairman: Director: DGM – Finance: 

Date: 28.06.2022.....

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st December 2022

(All amounts in Sri Lankan Rupees)

	Stated Capital	Profit & Loss	Revaluation Reserve	Total
Balance as at 01.01.2021	690,079,000	3,686,214,826	-	4,376,293,826
Profit for the Year	-	1,006,185,462	-	1,006,185,462
Other Comprehensive Income	-	8,096,303	-	8,096,303
Total Comprehensive Income	-	1,014,281,765	-	1,014,281,765
Treasury Levy	-	(100,000,000)	-	(100,000,000)
Prior Year Adjustment	-	(10,498,397)	-	(10,498,398)
Balance as at 31.12.2021	690,079,000	4,589,998,194	-	5,280,077,193
Balance as at 01.01.2022	690,079,000	4,589,998,197	-	5,280,077,197
Profit for the Year	-	965,472,451	-	965,472,451
Other Comprehensive Income	-	(22,975,574)	557,996,541	(22,975,574)
Total Comprehensive Income	-	942,496,877	557,996,541	942,496,877
Treasury Levy	-	(100,000,000)	-	(100,000,000)
Prior Year Adjustment	-	74,145	-	74,145
Balance as at 31.12.2022	690,079,000	5,432,569,219	557,996,541	6,122,648,219

STATEMENT OF CASH FLOW**For the Year ended 31st December 2022**

(All amounts in Sri Lankan Rupees)

	For the year 2022	For the year 2021
Cash Flows from Operating Activities		
Net Profit / (Loss) before taxation & extraordinary items	1,586,213,049	1,235,327,457
Prior year Adjustment	(7,645,166)	(10,498,397)
Adjustments for:		
Depreciation on Fixed Assets	262,466,303	167,292,301
Current Service Cost	13,640,020	6,447,492
Employee Interest Cost	12,688,161	9,611,983
Provision for Doubtful Debts	312,417,918	-
Profit / Loss on Disposal	374,963	(6,187,150)
Cost of Damaged & Unused	433,204	8,891
Interest Income	(347,113,761)	(152,611,692)
Operating Profit before Working Capital Changes	1,833,474,691	1,249,390,885
Changes in Working Capital		
(Increase) / Decrease in Inventories	(1,394,048,111)	(285,562,367)
(Increase) / Decrease in Debtors & Receivables	(2,235,890,976)	(277,002,797)
(Increase) / Decrease in Deposits & Prepayments	(30,935,130)	(18,640,343)
Increase / (Decrease) in Liabilities	3,279,304,123	(120,816,853)
Cash Generated from Operations	1,451,904,597	547,368,525
Gratuity paid	(4,101,585)	(2,653,905)
Tax paid	(251,546,593)	(166,827,569)
Net Cash from Operating Activities	1,196,256,418	377,887,051
Cash Flows from Investing Activities		
Short term Investments (Note A)	(745,071,893)	(405,514,091)
Acquisition of Fixed Assets	(498,564,648)	(24,097,640)
Proceeds from the sale of Disposal of Property	485,126	6,187,150
Interest received	146,594,141	145,934,507
Decreasing Other Non-Current Assets	(30,577)	816,022
Net Cash used in Investing Activities	(1,096,587,851)	(276,674,052)
Cash Flows from Financing Activities		
Treasury Levy	(100,000,000)	(100,000,000)
Net Cash used in Financing activities	(100,000,000)	(100,000,000)
Net Increase / (Decrease) in Cash & Cash Equivalents	(331,432)	1,212,997
Cash & Cash Equivalents at the beginning of the period	1,767,448	554,451
Cash & Cash Equivalents at the end of the period (Note B)	1,436,015	1,767,448

	For the year 2022	For the year 2021
Note A - Cash flow from Investing Activities		
Cash Inflows during the period	86,999,367,276	79,643,112,742
Cash Outflows during the period	(87,744,439,170)	(80,048,626,833)
Net Cash Flow	(745,071,893)	(405,514,091)
Note B - Cash & Cash Equivalents		
Bank of Ceylon - Ratmalana Branch	18,550	44,313
Bank of Ceylon - Corporate Branch	1,049,142	1,512,315
Peoples Bank - Ratmalana Branch	136,590	136,590
Peoples Bank - Corporate Branch	174,433	7,559
Cash Balance	37,550	46,671
Petty Cash	19,750	20,000
	1,436,015	1,767,448

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

GENERAL

State Pharmaceuticals Manufacturing Corporation is incorporated under Industrial Corporation Act No. 49 of 1957. It is a Government Corporation located at No. 11, Sir John Kotelawala Mawatha, Ratmalana.

The Corporation prepared Financial Statements for the year ended 31st December 2022. The Financial Statements were approved by the Board of Directors of the Corporation on 27th February 2023.

PRINCIPAL ACTIVITIES

The main functions are,

- (a) Either by itself or by entering into such Joint Venture, Public-Private Partnership or other such agreement to manufacture, process, stock, pack or repack medicine
- (b) To create subsidiary companies
- (c) To enter into International Agreements with potential investors
- (d) To provide technical assistance for the manufacturing and processing of medicine
- (e) To undertake pharmacological and pharmaceutical research and the standardization of medicine
- (f) To market medicinal products produced by the Corporation or Joint Venture or other such agreements

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

The Financial Statements have been prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka.

2.2. BASIS OF MEASUREMENT

The Financial Statements have been prepared on the historical cost basis. The financial statements of the Corporation are presented in Sri Lankan Rupees. The Board of Directors of the Corporation acknowledges their responsibilities for the Financial Statements.

2.3. GOING CONCERN

Financial Statements of the Corporation have been prepared on the basis of going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. SIGNIFICANT ACCOUNTING POLICIES

3.1.1. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are shown at fair value based on valuation by external independent valuer, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

3.1.2. DEPRECIATION

Depreciation is provided according to LKAS 16, depreciation of non-current assets commenced from the date it is made use of, whereas depreciation discontinued from the date an asset decided to be sold in accordance with SLFRS 05, on straight line basis. Estimated useful lives of Property, Plant & Equipment are as follows.

Leasehold Land	Over the period of Lease (99 years)
Landscaping Expenses	Over the period of Lease (99 years)
Buildings	20 years
Vehicle Shed	12 years
Plant & Machinery	20 to 1 year
Motor Vehicles	8 to 3 years
Motor Bicycle	7 years
Bicycle & Carts	20 to 7 years
Equipment	25 to 1 years
Computer Accessories	5 to 1 year
Computer Software	5 to 1 year
Furniture & Fittings	20 to 3 years
Tools	15 to 1 year

3.1.3. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

3.1.4. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The carrying value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the income statement unless it reverses a previous revaluation surplus for the same asset.

3.1.5. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher

of an Asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

3.1.6. TAXATION

3.1.6.1. CURRENT TAXATION

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Taxation Authorities in respect of the current as well as prior years. The tax rate and tax laws used to compute the amounts are those that are enacted or substantially enacted by date of Statement of Financial position.

Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provision of the Inland Revenue 24 of 2017 and the Amendments thereto, the rates specified in the act. Provision for the current year taxation made according to the accounting profit subject to the rate specified by act.

3.1.6.2. DEFERRED TAXATION

In respect of each type of temporary differences recognized in the Statement of Financial Position, we considered the Deferred Tax Liabilities and Assets. In our Financial Statements mainly we recognized a Deferred Tax Liability for Book & Tax written down value of Fixed Assets & Deferred Tax Asset for Provision for Retiring Gratuity. Deferred Tax Assets & Liabilities are measured at the Income Tax Rate.

3.2. INVENTORIES

Inventories are recognized at cost and net realizable value whichever is lower after making due allowance for obsolete and slow-moving items which are valued at 'First in First Out' basis.

3.2.1. MEASUREMENT OF INVENTORIES

COST OF INVENTORIES

RAW MATERIALS

Cost of purchases together with any incidental expenses.

WORK IN PROGRESS

Raw material cost and variable manufacturing expenses in full.

FINISHED GOODS

Raw material cost and variable manufacturing expenses in full.

OTHER STOCKS

Cost is arrived at weighted average basis.

3.2.2. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment. The Corporation has provided a Provision for Doubtful Debts for MSD Debtor long outstanding as at 31-12-2022.

3.2.3. CASH AND CASH EQUIVALANTS

Cash and cash equivalents comprise cash in hand, bank balance and short-term investment.

3.2.4. RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL ("KMP")

Key management personnel are those with authority and responsibility for planning and controlling the activities of the Corporation. Accordingly, the Directors of the Corporation (including executive and non-executive Directors) have been classified as KMP of the Corporation.

Compensation to key management personnel (Board of Directors) are follows.

	2022	2021
Short Term Benefits	2,779,163	2,646,293
Gift Vouchers	100,000	162,500

TRANSACTIONS WITH STATE AND STATE CONTROLLED ENTITIES

In the normal course of its operations, the Corporation enters into transactions with related parties. Related parties include the Government of Sri Lanka (State: as the ultimate owner of the Corporation), various government departments, and State controlled entities. Particulars of transactions, and arrangements entered into by the Corporation with the State and State controlled entities which are individually significant and for other transactions that are collectively, but not individually significant are as follows.

NATURE OF TRANSACTION

TRANSACTION	2022	2021
Investment in Sri Lanka Government Securities	4,398,099,756	3,452,508,244
Paid Surplus to Government during the year	100,000,000	100,000,000
Sales to MSD, SPC & Distributors	16,620,184,659	8,538,944,511

OUTSTANDING BALANCE	2022	2021
Receivable from SPC	33,288,612	130,870,042
Receivable from MSD	2,345,024,254	205,312,012

3.2.5. CAPITAL

There is no change in the Authorized Capital during the year ended 31st December 2022.

3.2.6. EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

All the material events after the date of Statement of Financial Position have been considered and appropriate adjustment and disclosures have been made in to the financial statement, where necessary.

3.2.7 RESEARCH COST

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

4. LIABILITIES AND PROVISIONS

4.1. RETIREMENT BENEFIT OBLIGATION

4.1.1. DEFINED BENEFIT PLAN – RETIREMENT GRATUITY

The Corporation is liable to pay Gratuity in terms of the Payment of Gratuity Act No.12 of 1983. The liability for gratuity to an employee arises only on completion of five years of continued service with the Corporation. In order to meet this liability, a provision is carried forward in the Statement of Financial Position. The resulting difference between the brought forward provision at the beginning of a year and the carried forward provision at the end of the year is dealt with in the Income Statement.

The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 – Employee Benefits.

The principal assumptions used in the calculations are as follows.

	2022	2021
Expected Annual Average Salary Increment Rate	15.00%	6.00%
Discount Rate / Interest Rate	18.00%	11.50%
Staff Turnover Factor	1.50%	1.50%

The liability is funded in NSB as Treasury Bills. The item is grouped under Non-Current Liabilities in the Statement of Financial Position.

4.1.2. DEFINED CONTRIBUTION PLANS

EMPLOYEES PROVIDENT FUND & EMPLOYEES TRUST FUND

All employees who are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund Contribution is covered by relevant contribution funds in line with respective regulation.

Obligations for contributions to provident Fund and Trust Fund covering the employees are recognized as an expense in the Income Statement.

EMPLOYEES PROVIDENT FUND

All Employees of the Corporation are members of the Employees Provident Fund to which the Corporation contributes 15% of the Employees' consolidated salary.

EMPLOYEES TRUST FUND

The Corporation contributes 3% of the Employees' consolidated salary to the each Employees Trust Fund.

4.1.3 TRADE AND OTHER PAYABLES

Trade and other payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment. The corporation has not provided any subsequent measured cost as there is material effect as at 31-12-2022.

4.1.4 PROVISION

GENERAL

Provisions are recognized when the Corporation has a present obligation (legal or Constrictive) as a result of a past event, it is probable that an outflow of resource embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

5. INCOME STATEMENT

For the purpose of presentation of the Income Statement, the function of expenses method is adopted, as it represents fairly the elements of corporation performance.

5.1.1. TURNOVER

The State Pharmaceuticals Manufacturing Corporation turnover comprises sales to Department of Health Service, Distributors and State Pharmaceuticals Corporation.

5.1.2. 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 or duty. The Corporation assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Corporation has concluded that it is acting as a principal in all of its revenue arrangements.

Corporation recognized its revenue by selling Pharmaceuticals to Medical Supplies Division, State Pharmaceuticals Corporation and through Distribution channel.

Revenue from the sale of goods is recognized when the entity has transferred to the buyer the significant risk and rewards of ownership of the goods.

Corporation recognizes revenue from following sources.

- (a) Supplying Pharmaceuticals to Medical Supplies Division. (State Hospitals): Corporation engages in manufacturing, buying pharmaceuticals from Joint Ventures and selling to Medical Supplies Division. The revenue is recognized at the point the products are transferred to the Medical Supplies Division. SPMC supplies Joint Venture products to Medical Supplies Division by adding 6% to purchase price.

SALE OF GOODS

Corporation formed following Joint Venture Companies.

Name of the Company	Place of Joint Venture Company	Percentage of Ownership	Principal Activity
Celogen Lanka (Pvt)Ltd	No.116, Layards Broadway,Colombo 14	10%	Manufacturing, Distributing Pharmaceuticals to MSD through SPMC
Diyatha Pharmaceutical and Healthcare (Pvt)Ltd	No.53/A/1, Batagama North,Ja Ela	10%	Manufacturing, Distributing Pharmaceuticals to MSD through SPMC
Glosante (Pvt)Ltd	No.372, Sir Kudarathwatthe Mawatha,Dodangwala,Kandy	-	Manufacturing, Distributing Pharmaceuticals to MSD through SPMC
Medicom (Pvt)Ltd	No.20, Vijitha Road,Nadimala,Dehiwala	-	Manufacturing, Distributing Pharmaceuticals to MSD through SPMC
Yarden Laboratories (Pvt)Ltd	No.67, Norris Canal Road, Colombo 10	-	Manufacturing, Distributing Pharmaceuticals to MSD through SPMC

Corporation and Joint Venture Company shall execute a shareholder agreement in respect of the aforesaid shareholding in Joint Venture. These Joint Venture Companies will ensure that this proportion of shareholding granted to SPMC shall be maintained throughout the pendency of this agreement.

Shareholding details are mentioned below.

Share Holding Company	No. of Shares	Issued Date	Value (Rs.)
Celogen Lanka (Pvt) Ltd	3,000,000	21.10.2020	3,000,000
Diyatha Pharmaceuticals and Healthcare (Pvt) Ltd	1,500,000	21.10.2020	1,500,000
Premium International Injectable (Pvt)Ltd	16,162	22.12.2020	16,162
Sands Active (Pvt)Ltd	33	15.11.2019	33

(b) Supplying Pharmaceuticals through distributors:

Corporation engages in marketing of pharmaceuticals through distributors since 2003.

SEGREGATION OF REVENUE

Revenue is segregated by nature of revenue.

		2022	2021
Medical Supplies Division	– SPMC Products	5,365,222,678	2,800,330,240
	–Joint Venture Products	8,562,572,974	4,162,669,744
State Pharmaceuticals Corporation	– SPMC Products	96,546,063	93,652,120
	–Joint Venture Products	11,860,062	-
Distribution	– SPMC Products	2,458,969,992	1,482,292,407
	–Joint Venture Products	125,012,890	-

SALES DISCOUNTS

Discounts are given as following rates.

Sales to Distributors

Credit Sales	9%
Cash Sales	10%

Sales to Franchise Osusala

Credit Sales between Rs. 50,000 to Rs. 100,000	6%
Cash Sales between Rs. 50,000 to Rs. 100,000	7%
Cash Sales to Doctors	5%

Direct Sales to State Pharmaceuticals Corporation

Credit Sales	10%
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5.1.3. EXPENSES

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repair and renewals are charged to profit and loss in the year in which the expenditure is incurred.

5.1.4. FINANCING EXPENSES

Finance expenses comprise of overdraft interest, letter of credit opening expenses & credit facility agreement charges.

5.1.5. ALLOCATION BETWEEN OVERHEADS

In the Financial Statements, overheads allocation methods are as follows.

EXPENSE	ALLOCATION METHOD
Rates & Taxes, Electricity, Water Charges, Security Charges, Insurance, Maintenance of Equipment, Maintenance – General, Maintenance – Building, Depreciation.	If the actual cost is directly related to the Production or Administration, apportioned on that basis. Other common actual cost is apportioned based on percentage 70% & 30% between Production & Administration.
Insurance of Health Insurance Scheme, Staff Welfare, Uniform & Shoes, Transport Charges.	Cost is apportioned based on actual number of employees in each section.
Directors Fees, Other Incentives, Repairs & Maintenance of Motor Vehicles, Fuel & Lubricants for Vehicles, Postage & Fax, Telephone Charges, Security Charges, License Fee-Vehicles & Drugs, Printing & Stationery, Office Expenses, Audit Fee, Rent Charges, Advertisements, Trade Subs.& Periodicals, Legal & Inquiry Expenses, Professional Charges, Entertainment, Annual Subscription, Annual Conference & Meetings, Stamp Fee, Stationery Adj.-Stock take.	Actual cost method is used.
Staff Benefits & Other Expenses.	Actual Cost method is used.

6. FINANCIAL INSTRUMENTS

6.1. FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. The Corporation Financial Assets include cash and short-term Treasury bill investment, trade and other receivable, staff loans and other receivable.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows.

6.1.1. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

6.1.2. LOANS AND RECEIVABLES

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

6.1.3. HELD – TO – MATURITY INVESTMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to- maturity when the Corporation has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment

are recognized as finance cost in the income statement in finance cost. The Corporation did not have any held –to- maturity investments during the year ended 31 December 2022.

6.1.4. AVAILABLE – FOR – SALE FINANCIAL INVESTMENTS

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available for- sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognized in profit or loss.

The Corporation evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Corporation is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Corporation may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Corporation has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For financial assets reclassified out of the available for sale category, any previous gain or loss on that asset that has been recognized

in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the assets are subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement. The Corporation did not have any available for – sale financial investments during the year ended 31st December 2022.

6.2. DERECOGNITION

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when,

- i). The rights to receive cash flows from the asset have expired.
- ii). The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass - through' arrangement and either
 - (a) The Corporation has transferred substantially all the risks and rewards of the asset, or
 - (b) The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

6.3. IMPAIRMENT OF FINANCIAL ASSETS

The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty,

default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

6.4. FINANCIAL ASSETS CARRIED AT AMORTIZED COST

For financial assets carried at amortized cost, the Corporation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The Corporation is performed specific impairment for each debtor categories.

7. FINANCIAL RISK

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management frame work.

The Corporation risk management process are established to identify and analyse the risks faced by the Corporation to set appropriate risk limit and controls and to monitor risks and adherence to limit.

Notes to the Financial Statements for the Year Ended 31.12.2022

(All amounts in Sri Lankan Rupees)

Note - 1			For the year 2022		For the year 2021	
Revenue						
Sales - SPC	SPMC	1 - A	96,546,063		93,652,120	
	JV		11,860,062	108,406,125	-	93,652,120
Sales - MSD	SPMC		5,365,222,678		2,800,330,240	
	JV		8,562,572,974	13,927,795,651	4,162,669,744	6,962,999,985
Sales - Distribution	SPMC	1 - B	2,458,969,992		1,482,292,407	
	JV	1 - C	125,012,890	2,583,982,882	-	1,482,292,407
			16,620,184,659		8,538,944,511	
Note - 1 A						
Sales - SPC - SPMC						
Gross Sales			106,873,431		102,340,550	
(-) Discount - 10%			(10,327,368)		(8,688,430)	
Net Sale			96,546,063		93,652,120	
Note - 1 B						
Sales - Distribution - SPMC						
Gross Sales			2,717,457,633		1,638,173,728	
(-) Discount - 5%			(18,834)		(7,354)	
(-) Discount - 6%			-		(26,108)	
(-) Discount - 7%			(4,148)		-	
(-) Discount - 9%			(117,260,866)		(71,007,915)	
(-) Discount - 10%			(141,203,793)		(84,839,944)	
Net Sale			2,458,969,992		1,482,292,407	
Note - 1 C						
Sales - Distribution - Joint Venture						
Gross Sales			137,029,038		-	
(-) Discount - 5%			(3,008)		-	
(-) Discount - 9%			(5,383,601)		-	
(-) Discount - 10%			(6,629,540)		-	
Net Sales			125,012,890		-	

Note - 2**Cost of Sales**

		For the year 2022		For the year 2021	
Cost of Sales	SPMC	61,685,652		51,861,440	
- SPC	JV	11,188,662	72,874,314	-	51,861,440
Cost of Sales	SPMC	3,794,842,337		1,866,804,267	
- MSD	JV	8,067,816,218	11,862,658,556	3,903,561,730	5,770,365,996
Cost of Sales	SPMC	2,011,426,544		967,729,866	
- SPMC	JV	113,315,495	2,124,742,039	-	967,729,866
Production Expenses			498,769,631		312,365,694
			14,559,044,540		7,102,322,996

Note 2 A**Production Cost****Direct Labour (Production)**

	Unabsorbed Cost	Absorbed Cost	Total - 2022	Total - 2021
Salaries & Wages	-	58,863,954	58,863,954	53,574,692
Casual Salaries	142,071	2,738,825	2,880,897	3,250,945
Cost of Living	-	12,694,689	12,694,689	11,473,804
Travelling Incentive	-	10,455,206	10,455,206	9,353,842
E.P.F. & E.T.F. - 18%	-	13,974,062	13,974,062	12,553,748
Overtime	2,133,522	24,227,626	26,361,148	23,978,461
Attendance Incentive	118,788	8,850,929	8,969,717	10,397,821
Performance Incentive	4,240,988	28,460,348	32,701,336	12,886,340
Annual Bonus	2,564,395	1,504,612	4,069,007	9,033,622
Current Service Cost	4,650,265	376,885	5,027,149	2,291,700
Employee Interest Cost	4,530,750	-	4,530,750	3,318,036
Shift Incentive	774,700	3,822,100	4,596,800	3,477,300
Staff Medical Expenses	585,385	3,341,042	3,926,427	4,319,991
Housing Loan Int. Reimbursement	2,059,567	2,976,174	5,035,741	5,541,729
Supervisor Allowance	666,000	-	666,000	456,000
Difficult Working Condition Allowance	1,502,970	2,445,660	3,948,630	2,976,300
Professional Allowance	192,000	-	192,000	162,000
Monthly Allowance	8,337,360	675,000	9,012,360	-
Staff Cost	1,125,401	-	1,125,401	1,011,719
	33,624,163	175,407,113	209,031,275	170,058,050

Indirect Manufacturing Cost

Salaries & Wages	24,659,831	16,966,378	41,626,210	40,395,522
Casual Salaries	67,000	-	67,000	338,749
Cost of Living	7,919,074	165,139	8,084,214	7,977,981
Travelling Incentive	7,030,069	-	7,030,069	6,973,158
E.P.F. & E.T.F. - 18%	9,712,941	-	9,712,941	9,451,529
Overtime	18,553,874	754,066	19,307,940	16,668,641
Attendance Incentive	7,151,241	-	7,151,241	8,277,552
Performance Incentive	19,876,575	531,958	20,408,534	8,792,230
Annual Bonus	2,488,691	-	2,488,691	5,939,706
Current Service Cost	4,200,162	-	4,200,162	2,002,292
Employee Interest Cost	4,089,912	-	4,089,912	3,042,307

Shift Incentive	1,370,700	-	1,370,700	1,115,000
Staff Medical Expenses	2,455,392	-	2,455,392	2,828,333
Housing Loan Int. Reimbursement	3,147,311	-	3,147,311	3,745,817
Supervisor Allowance	164,323	-	164,323	174,000
Difficult Working Condition Allowance	1,712,835	-	1,712,835	1,441,905
Retirement Benefit	112,000	-	112,000	-
Professional Allowance	274,500	-	274,500	258,000
Monthly Allowance	5,197,843	-	5,197,843	-
Staff Cost	736,409	-	736,409	585,210
Special Acting Allowance	94,242	-	94,242	205,590
Telephone Bill Reimbursement	262,206	-	262,206	370,058
Insurance of Health Ins. Scheme	3,419,995	5,382,743	8,802,738	9,313,110
Staff Welfare	27,087,003	32,130,820	59,217,824	46,081,547
Staff Training	1,166,900	304,000	1,470,900	1,943,361
Uniforms & Shoes	2,815,294	-	2,815,294	1,628,221
Water Charges	498,768	2,692,256	3,191,024	2,309,916
Rates & Taxes	523,775	191,456	715,231	728,391
Electricity	-	61,013,246	61,013,246	39,536,864
Insurance - General	820,919	2,743,087	3,564,007	2,895,434
Security Charges - Production	6,143,020	-	6,143,020	5,538,198
Maintenance of Equipment	2,478,888	1,744,445	4,223,333	3,498,017
Maintenance-Production	19,626,676	4,679,688	24,306,364	15,490,347
Maintenance of Building	3,063,867	1,778,032	4,841,898	248,251
Depreciation	220,307,800	-	220,307,800	147,160,219
Transport Charges	112,205	-	112,205	94,738
Consumption - Spare Parts	8,670,692	62,147,591	70,818,283	44,662,176
Consumption - Fuel & Lubricants	10,168,365	32,890,790	43,059,155	16,940,744
Repairs & Maintenance P & M	3,187,724	8,752,677	11,940,400	3,776,568
Quality Control Expenses	15,565,386	-	15,565,386	4,770,799
R/M Destruction Charges	1,126,441	-	1,126,441	563,710
Cost of Rejected Raw Materials	557,087	-	557,087	3,288,781
Cost of Rejected Packing Materials	2,490,335	-	2,490,335	553,203
Cost of Rejected Work in Progress	685,859	-	685,859	429,077
Cost of Damaged Raw Materials	-	-	-	(24,000)
Raw Material Adj-General Drugs	(134,998)	-	(134,998)	1,828,147
Raw Material Adj-Penicillin Drugs	(135,136)	-	(135,136)	36,607
Raw Material Adj-Stock Take	(143,168)	-	(143,168)	(715,074)
Packing Material Adj-Stock Take	(654,013)	-	(654,013)	(366,369)
Packing Material Adj	(23,076)	-	(23,076)	-
Stock Take Adjustment - Main	29,651	-	29,651	(7,030)
Spares Adj.	-	-	-	11,860
Work-in-Progress Adj-Stock Take	319,681	-	319,681	54,406
Cost of Sales Invoice Variance	14,092,400	-	14,092,400	767,774
Finished Goods Adj-Stock take	-	-	-	(60,334)
SPC Finished Goods Adj.	-	-	-	(313,332)
	498,769,631	410,275,485	894,952,716	643,305,956

Note - 3**Other Operating Income**

	For the year 2022	For the year 2021
Miscellaneous Income	16,308,763	8,117,785
Raw Material Sales	211,256	65,410
Profit or Loss on Disposal	-	6,187,150
	16,520,020	14,370,345

Note - 4**Administration expenses**

	For the year 2022	For the year 2021
Salaries & Wages	46,957,564	46,030,731
Casual Salaries	477,994	1,047,114
Cost of Living	8,408,840	8,555,082
Travelling Incentive	15,713,196	12,025,780
E.P.F. & E.T.F. - 18%	9,848,830	9,692,422
Overtime	15,575,387	13,594,567
Attendance Incentive	7,303,228	8,939,216
Performance Incentive	21,225,148	9,553,743
Annual Bonus	2,516,529	6,651,963
Current & Past Service Cost	4,412,708	2,153,500
Employee Interest Cost	4,067,499	3,251,640
Shift Incentive	432,300	298,700
Staff Cost	736,669	657,347
Staff Medical Expenses	2,922,148	3,334,711
Housing Loan Int.Reimbursement	4,904,245	3,047,940
Supervisor Allowance	252,000	234,000
Difficult Working Condition Allowance	522,945	476,535
Professional Allowance	1,029,871	879,742
Special Acting Incentive	365,443	488,538
Monthly Allowance	5,490,841	-
Retirement Benefit	-	192,000
Telephone Bill Reimbursement	597,567	694,881
Ins.of Health Insurance Scheme	3,403,932	4,456,534
Staff Welfare	22,783,419	19,529,710
Staff Training	742,800	831,500
Uniforms & Shoes	1,063,170	724,004
Travelling - Overseas	15,000	-
Directors Fees	305,500	299,000
Other Incentives	10,774,532	5,657,400
Rates & Taxes	303,854	308,644
Electricity	19,027,310	11,704,876
Water Charges	1,366,879	988,938
Insurance - General	956,139	730,072
Insurance - Vehicles	249,957	316,540
Rapairs & Maintenance of Motor Vehicles	7,880,374	4,993,401
Fuel & Lubricants for Vehicles	13,385,700	4,888,975
Maintenance of Equipment	1,307,042	1,422,715
Maintenance-Administration	7,406,718	6,258,002

Maintenance of Building	136,340	648,247
Depreciation	42,158,503	21,122,853
Transport Charges	813,173	669,746
Postage & Fax	411,407	246,202
Telephone Charges	1,054,542	991,774
Security Charges	1,887,036	1,901,424
Donations	1,250,248	956,703
Licence Fee - Vehicles	115,509	138,844
Licence Fee - Drugs	11,707,636	7,399,452
Licence Fee - Others	265,029	195,574
Printing & Stationery	9,546,185	4,307,998
Office Expenses	1,768,996	390,323
Audit Fee	1,969,633	1,583,400
Rent Charges	5,522,805	2,851,093
Advertisements	4,872,885	4,132,505
Trade Subs.& Periodicals	98,640	44,510
Legal & Inquiry Expenses	333,350	331,500
Professional Charges	2,111,939	377,594
Entertainment	1,360,169	990,092
Annual Subscription	50,969	12,500
Annual Conference & Meetings	11,000	-
Stamp Fee	61,500	49,425
Cost of Damaged & Unused	433,204	8,891
Stationary Adj-Stock take	(553,094)	-
Stationary Adj	-	10,459
	332,120,885	244,271,572

Note - 5**Selling & Distribution Expenses**

	For the year 2022	For the year 2021
Promotional Discounts	152,704,493	91,339,097
Sales Promotion Expenses	7,639,653	17,255,598
Cost of Rejected Finished Goods	-	592,094
Doubtful Debt	312,417,918	-
	472,762,064	109,186,789

Note - 6**Other Operating Expenses**

	For the year 2022	For the year 2021
Formulation, Research & Dev.	18,989,321	10,416,099
Stock Take Adjustments - FD	51,230	62,015
Loss on Disposal	374,963	-
	19,415,514	10,478,114

Note - 7**Finance Cost**

	For the year 2022	For the year 2021
Bank Charges	281,104	256,003
O.D. Interest	26,588	22,893
Exchange Loss	18,600,316	8,241,160
	18,908,009	8,520,055

Note - 8**Finance Income**

	For the year 2022	For the year 2021
Staff Loan Interest	2,047,143	1,926,160
Treasury Bill Interest	347,113,761	152,611,692
Interest Income - Staff Loan	2,598,479	2,254,275
	351,759,383	156,792,127

Note - 9**Income Tax Expense**

	For the year 2022	For the year 2021
Current Tax Expense 9 A	417,855,650	179,112,522
Deferred Tax Expense 9 B (i)	202,884,947	50,029,471
	620,740,598	229,141,993

Note - 9 A**Current Tax Expense**

Income Tax on Profit for the year 9 A (i)	417,855,650	179,112,522
Over / Under Provision for Income Tax	-	-
	417,855,650	179,112,522

Note - 9 A (i)**Income Tax on Profit for the year**

Profit before Taxation	1,586,213,049	1,235,327,457
Disallowable Expenses	605,849,206	187,331,358
Allowable Expenses	(505,210,315)	(484,646,964)
Tax exempt Income - Interest on Treasury Bills	(347,113,761)	(152,611,692)
Tax Income from Treasury Bill Interest & Sale proceed from Disposal FA	589,526	6,187,150
Taxable Income	1,340,327,705	791,587,309
Income Tax rate on Operational Income - 1st six months	18%	18%
Income Tax rate on Operational Income - 2nd six months	30%	18%
Income Tax rate on Interest Income - 1st six months	24%	24%
Income Tax rate on Interest Income - 2nd six months	30%	24%
Income Tax rate on Operational Income - 1st six months	- 18% <u>120,629,493</u>	- 18% <u>71,242,858</u>
Income Tax rate on Operational Income - 2nd six months	- 18% <u>120,629,493</u>	- 18% <u>71,242,858</u>
- Tax rate increase	- 12% <u>80,419,662</u>	
Income Tax rate on Interest Income - 1st six months	- 24% <u>31,828,510</u>	- 24% <u>18,313,403</u>
Income Tax rate on Interest Income - 2nd six months	- 24% <u>51,478,791</u>	- 24% <u>18,313,403</u>
- Tax rate increase	- 6% <u>12,869,698</u>	
Total Income Tax	417,855,650	179,112,522

Note - 9 B**Deferred Tax****Charge/(Reversal) as Deferred Tax during the year**

	Temporary Difference	Temporary Difference
Deferred Tax on Deferred Tax Liabilities 9 B (vi)	2,336,024,964	1,327,074,268
Deferred Tax on Deferred Tax Assets 9 B (vii)	(165,380,682)	(110,331,838)
Deferred Tax Liability at the end of the year	651,193,285	219,013,637
Deferred Tax Liability at the beginning of the year	219,013,637	167,206,929
Charge/(Reversal) as Deferred Tax during the year	432,179,647	51,806,708

Note - 9 B (i)**Deferred Tax Adjustment**

		For the year 2022	For the year 2021
Charged to P&L	9B (ii)	202,884,947	50,029,471
Charged to OCI	9B (iii)	229,294,700	1,777,237
		432,179,647	51,806,708

Note - 9 B (ii)**Deferred Tax Adjustment - Charged to P & L**

Origination & reversal of Temporary Differences	9B (iv)	56,875,857	50,029,471
Adjustment to opening Deferred Tax Liability resulting from increasing of Tax rate	9B (v)	146,009,091	-
		202,884,947	50,029,471

Note - 9 B (iii)**Deferred Tax Adjustment - Charged to OCI**

Deferred tax attributable to Revaluation Surplus of P,P & E		239,141,375	-
Tax on Actuarial Loss of Provision for Employee Benefit Liability		(9,846,675)	1,777,237
		229,294,700	1,777,237
Total Deferred Tax Adjustment		432,179,647	51,806,708

Note - 9 B (iv)**Deferred Tax Expense/ (Income) related to the origination & reversal of Temporary Differences**

Total Net Deferred Tax for the year		651,193,285	219,013,637
(-) Opening Deferred Tax Liability		(219,013,637)	(167,206,929)
Adjustment to opening Deferred Tax Liability resulting from increasing of tax rate (Rs. 1,216,742,429 X 12 %)		(146,009,091)	-
Deferred tax attributable to Revaluation Surplus of PP & E (Rs.797,137,916 X 30 %)		(239,141,375)	-
Tax on Actuarial Loss of Provision for Employee Benefit Liability (Rs.32,822,249 X 30%)		9,846,675	(1,777,237)
		56,875,857	50,029,471

Note - 9 B (v)**Adjustment to opening Deferred Tax Liability resulting from increasing of tax rate**

Net Temporary Difference as at 01.01.2022		1,216,742,430	-
Adjustment to opening deferred tax liability (Rs.1,216,742,430 X 12%)		146,009,091	-

Note - 9 B (vi)**Deferred Tax Assets****Types of Temporary Differences**

	Temporary Differences	Tax effect 30%	Temporary Differences	Tax effect 18%
Accelerated Depreciation of PP & E for Tax purposes	2,336,024,964	700,807,489	1,327,074,268	238,873,368
Net Deferred Tax Liability		700,807,489		238,873,368

Note - 9 B (vii)**Deferred Tax Assets****Types of Temporary Differences**

	Temporary Differences	Tax effect 30%	Temporary Differences	Tax effect 18%
Employee Benefit Liability that are deducted for Tax purposes only when paid	(165,380,682)	(49,614,205)	(110,331,838)	(19,859,731)
Net Deferred Tax Asset		(49,614,205)		(19,859,731)

Note - 10
Property, Plant & Equipments - Depreciable Assets

Cost		2022				
Description	Cost/Revaluation Value as at 01.01.2022	Acquisitions During the Year	Disposals During the Year	Balance as at 31.12.2022	Damaged & Unused Adjustments (Note - 12)	Balance After Adj. of Damaged & Unused as at 31.12.2022
Depreciable Assets						
Land Scaping Expenses	6,113,388	-	-	6,113,388	-	6,113,388
Land	49,471,918	-	-	49,471,918	-	49,471,918
Buildings	1,152,699,301	8,128,843	-	1,160,828,145	-	1,160,828,145
Plant & Machinery	2,310,312,770	69,349,248	-	2,379,662,018	(724,250)	2,378,937,768
Motor Vehicles	63,450,000	-	-	63,450,000	-	63,450,000
Motor Bicycle	185,000	-	-	185,000	-	185,000
Equipment	144,884,106	51,267,922	(103,939)	196,048,089	(388,117)	195,659,972
Computer Accessories	16,214,448	7,898,343	(889,890)	23,222,901	(14,600)	23,208,301
Furniture & Fittings	23,669,278	3,130,972	(11,500)	26,788,750	(67,381)	26,721,369
Bicycle & Carts	2,312,944	1,051,588	-	3,364,532	-	3,364,532
Tools	3,459,950	-	(1,125)	3,458,825	(6,750)	3,452,075
Vehicle Parking Shed	3,200,000	-	-	3,200,000	-	3,200,000
Total Value of Assets	3,775,973,104	140,826,916	(1,006,454)	3,915,793,566	(1,201,098)	3,914,592,468

Depreciation					
Description	Accumulated Dep. as at 01.01.2022	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance as at 31.12.2022
Depreciable Assets					
Land Scaping Expenses	2,162,166	60,788	-	-	2,222,954
Land	-	-	-	-	-
Buildings	-	57,873,263	-	-	57,873,263
Plant & Machinery	-	150,180,554	-	(76,597)	150,103,957
Motor Vehicles	-	12,051,310	-	-	12,051,310
Motor Bicycle	-	26,429	-	-	26,429
Equipment	-	26,029,752	(64,092)	(120,050)	25,845,610
Computer Accessories	-	6,241,091	(217,723)	(11,850)	6,011,517
Furniture & Fittings	-	2,913,195	(4,857)	(2,906)	2,905,431
Bicycle & Carts	-	284,556	-	-	284,556
Tools	-	602,756	(720)	(2,292)	599,744
Vehicle Parking Shed	-	266,667	-	-	266,667
Total	2,162,166	256,530,359	(287,393)	(213,695)	258,191,437

Written Down Value

Description	Balance as at 31.12.2022
Depreciable Assets	
Land Scaping Expenses	3,890,434
Land	49,471,918
Buildings	1,102,954,882
Plant & Machinery	2,228,833,811
Motor Vehicles	51,398,690
Motor Bicycle	158,571
Equipment	169,814,362
Computer Accessories	17,196,784
Furniture & Fittings	23,815,937
Bicycle & Carts	3,079,977
Tools	2,852,330
Vehicle Parking Shed	2,933,333
Total	3,656,401,031

Note - 10
Property, Plant & Equipments - Depreciable Assets

Cost		2021				
Description	Cost/Revaluation Value as at 01.01.2021	Acquisitions During the Year	Disposals During the Year	Balance as at 31.12.2021	Damaged & Unused Adjustments	Balance After Adj. of Damaged & Unused as at 31.12.2021
Depreciable Assets						
Land Scaping Expenses	6,113,388	-	-	6,113,388	-	6,113,388
Land	49,471,918	-	-	49,471,918	-	49,471,918
Buildings	1,318,525,639	1,436,083	-	1,319,961,722	-	1,319,961,722
Plant & Machinery	2,820,556,974	3,164,469	(26,807,531)	2,796,913,912	(459,150)	2,796,454,762
Motor Vehicles	89,021,800	-	(12,565,000)	76,456,800	-	76,456,800
Motor Bicycle	298,640	(0)	-	298,640	-	298,640
Equipment	197,266,595	11,968,193	(18,950,628)	190,284,160	(170,968)	190,113,192
Computer Accessories	24,215,273	3,605,580	(155,900)	27,664,953	-	27,664,953
Furniture & Fittings	34,702,113	1,296,758	(336,364)	35,662,507	(50,632)	35,611,875
Bicycle & Carts	2,999,367	259,200	-	3,258,567	-	3,258,567
Tools	7,708,771	2	(1,474,175)	6,234,598	(3,600)	6,230,998
Vehicle Parking Shed	1,635,513	529,042	-	2,164,555	-	2,164,555
Total Value of Assets	4,552,515,991	22,259,328	(60,289,598)	4,514,485,721	(684,350)	4,513,801,371

Depreciation					
Description	Accumulated Dep. as at 01.01.2021	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance as at 31.12.2021
Depreciable Assets					
Land Scaping Expenses	2,101,378	60,788		-	2,162,166
Land	-	-	-	-	-
Buildings	345,864,762	38,613,409	-	-	384,478,171
Plant & Machinery	794,280,757	111,080,253	-	(459,150)	904,901,861
Motor Vehicles	68,132,386	4,912,788	(12,565,000)	-	60,480,174
Motor Bicycle	281,973	3,333	-	-	285,306
Equipment	126,505,871	6,205,648	-	(166,711)	132,544,808
Computer Accessories	16,162,474	3,409,946	-	-	19,572,420
Furniture & Fittings	24,278,364	1,953,530	-	(45,998)	26,185,895
Bicycle & Carts	1,211,530	617,047	-	-	1,828,577
Tools	5,897,853	162,942	-	(3,600)	6,057,195
Vehicle Parking Shed	1,171,499	119,420	-	-	1,290,918
Total	1,385,888,846	167,139,104	(12,565,000)	(675,459)	1,539,787,491

Written Down Value	
Description	Balance as at 31.12.2021
Depreciable Assets	
Land Scaping Expenses	3,951,222
Land	49,471,918
Buildings	935,483,552
Plant & Machinery	1,891,552,901
Motor Vehicles	15,976,626
Motor Bicycle	13,333
Equipment	57,568,384
Computer Accessories	8,092,533
Furniture & Fittings	9,425,981
Bicycle & Carts	1,429,990
Tools	173,803
Vehicle Parking Shed	873,637
Total	2,974,013,881

NOTE 11**Intangible Assets****Cost****2022**

Description	Cost as at 01.01.2022	Acquisitions During the Year	Disposals During the Year	Balance as at 31.12.2022	Damaged & Unused Adjustments	Balance After Adj. of Damaged & Unused as at 31.12.2022
Computer Software	7,913,796	1,214,161	(192,115)	8,935,842	-	8,935,842
Total	7,913,796	1,214,161	(192,115)	8,935,842	-	8,935,842

Depreciation

Description	Accumulated Dep. as at 01.01.2022	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance as at 31.12.2022
Computer Software	-	2,728,466	(51,087)	-	2,677,379
Total	-	2,728,466	(51,087)	-	2,677,379

Written Down Value

Description	Balance as at 31.12.2022
Computer Software	6,258,464
Total	6,258,464

NOTE 12**Damaged & Unused Adjustment****2022**

Description	Balance as at 01.01.2022	Damaged & Unused identified during the year	Balance as at 31.12.2022
Plant & Machinery	330,500	393,750	724,250
Equipment	170,968	217,149	388,117
Computer Accessories	-	14,600	14,600
Furniture & Fittings	50,632	16,750	67,381
Tools	2,100	4,650	6,750
Total	554,200	646,899	1,201,098

NOTE 13**Prepaid Lease****Cost****2022**

Description	Cost as at 01.01.2022	Acquisitions During the Year	Disposals During the Year	Cost as at 31.12.2022
Leasehold Land	4,920,845	322,406,798	-	327,327,643
Total Value of Assets	4,920,845	322,406,798	-	327,327,643

Description

Description	Accumulated Dep. as at 01.01.2022	Depreciation For the Year	Acc. Dep. Related to Disposals	Balance as at 31.12.2022
Leasehold Land	1,736,579	3,207,478	-	4,944,057
Total	1,736,579	3,207,478	-	4,944,057

Written Down Value

Description	Balance as at 31.12.2022
Leasehold Land	322,383,586
Total	322,383,586

Lease of Land 99 Years

Land had been acquired from Urban Development Authority on 99 Years lease. Total lease value had been paid at the beginning of the lease period. Lease amount has been accounted for on straight line basis over the lease period of 99 years.

NOTE 11**Intangible Assets****Cost****2021**

Description	Cost as at 01.01.2021	Acquisitions During the Year	Disposals During the Year	Balance as at 31.12.2021	Damaged & Unused Adjustments	Balance After Adj. of Damaged & Unused as at 31.12.2021
Computer Software	21,862,805	824,100	-	22,686,905	-	22,686,905
Total	21,862,805	824,100	-	22,686,905	-	22,686,905

Depreciation

Description	Accumulated Dep. as at 01.01.2021	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance as at 31.12.2021
Computer Software	19,292,498	1,094,980	-	-	20,387,477
Total	19,292,498	1,094,980	-	-	20,387,477

Written Down Value

Description	Balance as at 31.12.2021
Computer Software	2,299,428
Total	2,299,428

NOTE 12**Damaged & Unused Adjustment****2021**

Description	Balance as at 01.01.2021	Damaged & Unused identified during the year	Disposals during the year	Reuse during the year	Balance as at 31.12.2021
Plant & Machinery	29,962,681	459,150	(26,807,531)	(2,924,148)	690,152
Equipment	27,133,205	170,968	(18,950,628)	(8,413,577)	(60,032)
Computer Accessories	195,380	-	(155,900)	(39,480)	-
Furniture & Fittings	493,748	50,632	(336,364)	(157,384)	50,632
Tools	1,474,373	3,600	(1,474,175)	(200)	3,598
Total	59,259,387	684,350	(47,724,599)	(11,534,789)	684,350

NOTE 13**Prepaid Lease****Cost****2021**

Description	Cost as at 01.01.2021	Acquisition During the Year	Disposals During the Year	Cost as at 31.12.2021
Leasehold Land	4,920,845	-	-	4,920,845
Total	4,920,845	-	-	4,920,845

Description

Description	Accumulated Dep. as at 01.01.2021	Depreciation For the Year	Acc. Dep. Related to Disposals	Balance as at 31.12.2021
Leasehold Land	1,687,591	48,989	-	1,736,579
Total	1,687,591	48,989	-	1,736,579

Written Down Value

Description	Balance as at 31.12.2021
Leasehold Land	3,184,266
Total	3,184,266

Note - 14**Other Non-Current Assets**

	As at 31.12.2022	As at 31.12.2021
Deposits	970,000	970,000
Security Deposits	391,876	361,299
	1,361,876	1,331,299

Note - 15**Inventories**

	As at 31.12.2022	As at 31.12.2021
Raw Materials	1,541,108,443	880,226,447
Packing Materials	210,011,927	84,632,732
Finished Goods	140,154,066	304,972,919
Work-in-Progress	316,824,341	162,768,911
Goods in Transits - R/M	581,726,959	13,708,270
Inventory - Formulation, Research & Development	27,143,834	8,385,167
Spare Parts - Plant & Machinery & Consumables	192,524,751	166,369,532
Fuel & Lubricants	4,515,967	952,692
Inventory - Stationery	4,025,183	2,009,774
Inv. Control - Loan Given	39,081	-
	3,018,074,553	1,624,026,442

Note - 16**Trade Debtors & Receivables**

	As at 31.12.2022	As at 31.12.2021
Debtors - SPC	5,373,799	18,555,750
Debtors - MSD	2,345,024,254	205,312,012
(-) Provision for Doubtful Debts	(312,417,918)	-
Debtors - Distributors	226,920,453	221,600,173
Distress Loans	54,934,168	58,205,185
Receivables	99,745,646	471,780
Cycle Loans	9,950,138	1,849,582
Staff Loans	-	176,500
Festival Advance	531,000	547,000
Import Deposits Refunds	1,048,000	918,500
	2,431,109,540	507,636,481

Note - 17**Pre-Payments**

	As at 31.12.2022	As at 31.12.2021
Advance Payments	19,690,504	2,399,007
Advance Payments - Machinery & Spare Parts	22,280,685	14,145,065
Prepayments	7,713,580	7,800,171
Prepaid Staff Cost	11,892,551	6,297,946
	61,577,319	30,642,190

Note - 18**Other Financial Assets**

	As at 31.12.2022	As at 31.12.2021
Treasury Bills	4,241,085,643	3,316,722,413
Treasury Bills at NSB	157,014,115	135,785,831
	4,398,099,758	3,452,508,244

Investment in Treasury Bills

REPO are classified as current assets measured at amortized cost. The Corporation limits its exposure to credit risk by investing only in REPOs with Government Banks (Bank of Ceylon, People's Bank and National Saving Bank) with Board Approval.

Note - 19**Cash in Hand & at Bank**

	As at 31.12.2022	As at 31.12.2021
Bank of Ceylon - Ratmalana	18,550	44,313
Bank of Ceylon - Corporate	1,049,142	1,512,315
Peoples Bank - Ratmalana	136,590	136,590
Peoples Bank - Corporate	174,433	7,559
Cash in Hand	37,550	46,671
Petty Cash	19,750	20,000
	1,436,015	1,767,448

Note - 20**Stated Capital**

Stated Capital is made up by Grant amounting to JPY 2,564 million converted at the average rate of Rs. 0.186 amounting to Rs. 476,904,000.00 and the funds contributed by the General Treasury amounting to Rs. 208,375,000.00 and the value of land amounting to Rs. 4,800,000.00 transferred from the State Pharmaceuticals Corporation.

Note - 21**Differed Tax Liability**

	As at 31.12.2022	As at 31.12.2021
Balance at the Beginning of the Year	219,013,636	167,206,928
Charge/(Reversal) as Deferred Tax during the year	432,179,647	51,806,708
	651,193,284	219,013,636

Note - 22**JICA Loan - Government Capital Investment**

SPMC received Japanese Yen 1,239,888,000 (Rs. 2,416,094,044) in 2018, under JICA funded Project between Japan International Cooperation Agency and the Government of the Democratic Socialist Republic of Sri Lanka for Improvement of Basic Social Services Targeting Emerging Regions (Loan Agreement No. SLP-105 dated 28th March 2012). This JICA Loan already included as a Government Loan of Sri Lanka. SPMC portion of this JICA funded Project for procurement of Equipment, Design Services, Building Refurbishment and Construction Installation and other services amounting to Japanese Yen - 1,239,888,000 as described below.

	JPY
Plant & Equipment supplied from Abroad	910,075,230
Design Services	3,216,529
Building Refurbishment and Construction	312,850,251
Installation and Other Expenses	13,745,990
Total	1,239,888,000

Department of Public Enterprises informed to the Chairman of SPMC by the PED/S/SPMC/04/13 letter dated 26th June 2023, this SPMC portion will be recognized as a Government Capital Investment after June 2023. According to that, no repayment for the SPMC. This JICA Loan will intend to be adjusted as a Government Capital Investment under Equity in the Financial Statements for the year 2023.

Note - 23**Trade and Other Payables**

	As at 31.12.2022	As at 31.12.2021
Creditors Control - Packing Materials	45,766,600	20,118,666
Creditors Control - Raw Materials	7,463,690	46,555,917
Creditors Control - Stationery	623,978	9,364,460
Creditors Control - Equipment & Machinery	2,579,215	6,245,070
Creditors Control - Chemicals	-	105,448
Creditors Control - Welfare	1,855,033	-
Creditors Control - General	408,482,568	90,487,573
Creditors Control - Bank	60,050,797	37,923,364
Creditors Control - Employees	4,525,824	4,352,764
Creditors Control - Services	9,684,956	5,337,245
Creditors Control - Other FA	-	25,693
Creditors Control - Joint Ventures	3,254,473,281	321,901,913
Employee Security Guarantee - Finance	10,882	15,917
Employee Security Guarantee - Stores	380,994	345,382
Bid Bonds Payable	31,970,121	13,437,054
Inventory Control - Loan taken	7,652,650	-
	3,835,520,589	556,216,467

Note 24**Retirement Benefit Obligation**

The amounts recognized in the Financial Position are as follows.

	As at 31.12.2022	As at 31.12.2021
Net Liability at the beginning of the Year	110,331,839	106,799,808
Current Service Cost	7,050,961	6,447,492
Interest Cost	12,688,161	9,611,983
Past Service Cost	6,589,058	-
Actuarial (gain)/loss	32,822,249	(9,873,539)
	169,482,268	112,985,744
Less:		
Payment made during the Year	(4,101,585)	(2,653,905)
	165,380,683	110,331,839

The Retirement Benefit Liability of the Corporation is based on the actuarial valuation carried out by Actuarial & Management Consultants (Pvt) Ltd. The principal assumptions used in determining the cost of retirement benefit were,

Expected Annual Average Salary Increment Rate	15.00%	6.00%
Discount Rate	18.00%	11.50%
Staff Turnover Factor	1.50%	1.50%

The amounts recognized in the Income Statement are as follows.

Current Service Cost	13,640,019	6,447,492
Interest Cost	12,688,161	9,611,983

An Actuarial valuation was to assess the present value of the Financial Position date 31st December 2022 to bring their best estimates.

Note 25**Related Party Disclosures**

Details of significant related party disclosures are as follows.

Organization	Relationship	Nature of Transaction	Sales During the year
Medical Suppliers Division	Customer	Sale of Goods	13,927,795,651
State Pharmaceuticals Corporation	-Through Distribution - Through Tenders	Customer Customer	21,141,690 108,406,125
Distribution			2,583,982,882
Total			16,620,184,659

Note 26**Revaluation Reserve**

Property Plant & Equipment & Intangible Assets of SPMC have been revalued by an Independent Valuer, Industrial Development Board which were to be effected on 31.12.2021.

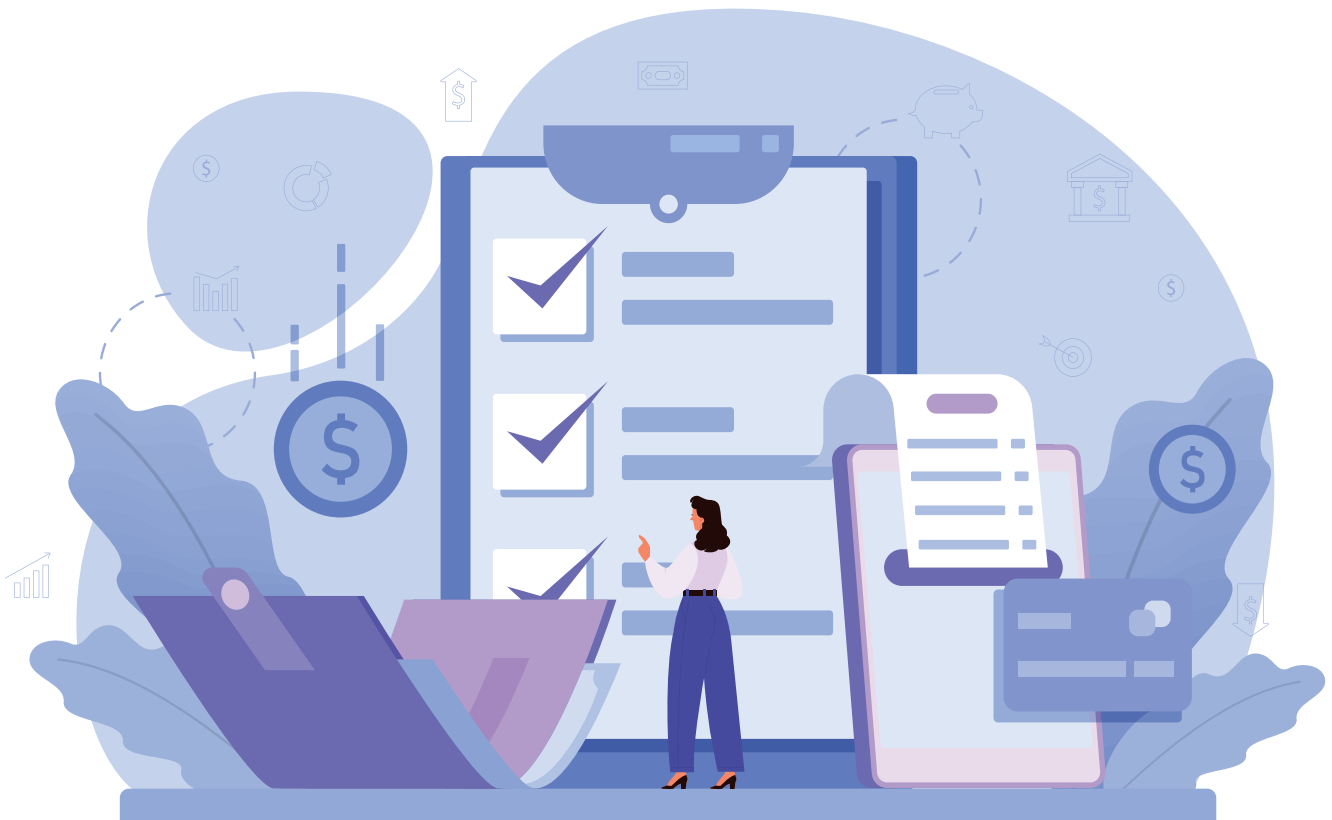
	<u>Rs.</u>
Total Revaluation surplus of P,P & E	797,137,916
Deferred Tax on Revaluation surplus	(239,141,375)
Net Revaluation surplus presented in the Statement of Financial Position	557,996,541

Factors considered in the Revaluation

This valuation was carried out considering the guidelines given in the International Valuation Standards (IVS) and following factors.

1. Market value of similar machine or items from local and international agents.
2. The Asset's technical specifications.
3. The remaining physical life.
4. The Asset's condition, including maintenance history.
5. The environmental conditions that the plant machinery is in operation.
6. Availability of effective managerial systems.
7. This valuation of plant & machinery was carried out based on new replacement method and the values were rechecked with the comparison method (analyzing historical market transactions) where possible.
8. This Valuation is our opinion based on document & information provided, site visit, local information. Hence No.3rd party interest,pecuniary losses, liquidity damage, or any such losses were considered whatsoever if applied for any purpose.
9. Government policies, International currency rates, natural calamities & market forces will affect the valuation.
10. Use of this valuation report other than the purpose of valuation as per order is a responsibility of client at their cost.
11. The above valuation is for base price only, excluding VAT if applicable.

Audit Report





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MSU/C/SPMC/1/22/28

11th July 2023

The Chairman,

State Pharmaceuticals Manufacturing Corporation.

Report of the Auditor General on the Financial Statements of State Pharmaceuticals Manufacturing Corporation and other Legal and Regulatory Requirements for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the State Pharmaceuticals Manufacturing Corporation for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity, and cash flow statement for the year then ended and notes to financial statements including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018 and Finance Act, No. 38 of 1971. My report will be presented in Parliament in due course in terms of Article 154(6) of the Constitution.

The financial statements of the Corporation give a true and fair view of the financial position as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

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

1.3 Other Information Included in the Annual Report-2021 of the Corporation

The other information means the information included in the Annual Report of the Corporation for the year 2022, which was expected to be submitted to me after the date of this report, but not contained in the Financial Statements and my audit report thereon. The Management is responsible for the other information.

My opinion on financial statements does not cover the other information and I do not express any assurance or opinion thereon.

My responsibility in connection with my audit of financial statements is to study the above identified other information and evaluate whether the other information is substantially mismatched with the financial statements or my knowledge gained in auditing or another manner.



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In the study of Annual Report of the Corporation for the year 2021, if I conclude that there are substantial misstatements, I should communicate that matter to the governing body for correction. If there are misstatements to be corrected further, those will be included in the report which I table in parliament in accordance with Article 154 (6) of the Constitution in due course.

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

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

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

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

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

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1 The National Audit Act, No. 19 of 2018 includes special provisions on the following requirements.
- 2.1.1 All the information and explanations required for the purpose of the audit have been obtained reasonably by me in terms of Section 12 (a) of the National Audit Act, No. 19 of 2018, and as far as appears from my examination, proper accounting records have been kept by the Corporation.
- 2.1.2 Financial statements of the Corporation are consistent with the preceding year in terms of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- 2.1.3 The recommendations made by me in the preceding year in accordance with Section 6 (i) (d) (iv) of the National Audit Act, No. 19 of 2018, have been included in the financial statements.
- 2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention significant enough to make the following statements.
- 2.2.1 Whether any member of the governing body of the Corporation has any direct or indirect interest in any contract entered into by such entity with the Corporation in terms of Section 12 (d) of the National Audit Act, No. 19 of 2018.
- 2.2.2 Except for the following observations, whether the Corporation has, or has not complied with any applicable written law or another general or special directions issued by the governing body of the Corporation in terms of Section 12 (f) of the National Audit Act, No. 19 of 2018.



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Reference to Laws, Rules, and Directions

Observations

- | | |
|---|---|
| a) Section 6 (2) (a) of the Payment of Gratuity Act, No. 12 and of 1983. | Allocations for gratuity should be made based on half a month's, wage or salary for each year of completed service computed at the rate of wage or salary last drawn by the employee. Nevertheless, allocations for gratuity had been made based on the monthly salary of the employee. As such, an overpayment of Rs. 2,050,793 had been paid as gratuity to 05 officers retired during the year under review. |
| b) Paragraph 02 of the Public Administration Circular No. 6/97 dated 03 February 1997. | The period of acting in capacity for an employees should be subject to a maximum of 03 months. Nevertheless, an employee had been appointed to act in the post of Deputy General Manager- Formulation & Development, for a period of 05 consecutive years. |
| c) Public Administration Circular, No. 30/2008 dated 31 December 2008. | The maximum amount of distress loan payable to an officer should not exceed Rs. 250,000, but a sum totalling Rs. 4,677,100 had been paid to 49 officers during the year under review in excess of that limit. |
| d) Regulation 388 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka. | A register containing information about all the cheques being posted should be maintained, but it had not been done so. |
| e) Public Enterprises Circular, No. PED 09/2022 dated 21 December 2022. | Only a sum of Rs. 20,000 is payable as bonus per annum, but bonuses totalling Rs. 3,130,193 had been paid in excess of the approved limit. |
| f) Letter No. DMS/E4/10/4/090/2 of the Department of Management Services dated 09 March 2009 addressed to the Secretary to the Ministry of Health, Nutrition and Indigenous Medicine. | |



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- (i.) Paragraph 03
- (i) Although approval had been granted to pay a sum of Rs. 2, 000 per month for an employee as an incentive for attendance, payments had been made up to Rs. 3,500.
- (ii) In case of incentives for attendance being paid, the leave unavailed by the end of the year should not be encashed. Nevertheless, unavailed leave of the employees who had received incentives for attendance, had been encashed to the value of Rs. 11,960,822.
- (ii.) Paragraph 04
- A gift voucher worth Rs. 6,000 may be given per person only once a year during new year and Xmas season. However, gift vouchers costing Rs. 7,392,062 had been given to permanent employees and trained employees each receiving Rs. 25,000 Rs. 12,500 respectively. Additionally, a sum of Rs. 12,500 had been spent per permanent employee whilst a sum of Rs. 6,250 had been given for other employees for purchasing school text books and instruments thus spending a sum totalling Rs. 5,087,500 on gift vouchers.
- (iii.) Paragraph 06
- A monthly allowance of Rs. 1,000 may be paid to an employee only if he attends all the shifts. However, a shift allowance totalling Rs. 6,399,800 had been paid during the year under review to employees in the categories of executive, training executive, and non-executive each receiving a sum of Rs. 400, Rs. 300, and Rs. 200 per shift. The value of overpaid shift allowance amounted to Rs. 3,326,800.
- g) Decision No. BP/30/15 of the Board of Directors dated 04 June 2015 and Decision No. BP/62/22 of the Board of Directors dated 22 September 2022.
- The push bike loan paid to the employees of the Corporation had been increased from Rs. 3,000 to Rs. 75,000 with effect from 04 June 2015. However, Treasury approval has not been obtained in that connection even up to this day.
- h) Section 03 (x) of the National Budget Circular, No. 03/2022 dated 26 April 2022.
- Despite being informed that loans granted to staff grade officers under Advances to Public Officers Account be suspended until 31 December 2022, distress loans valued at Rs. 3,980,625 had been granted to 11 staff grade officers.



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2.2.3 Whether the Corporation has performed according to its powers, functions and duties as required by Section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 Except for the observations mentioned below, the fact that the resources of the Corporation had not been procured and utilized economically, efficiently, and effectively within the timeframes and in compliance with the applicable written laws as required by Section 12 (h) of the National Audit Act, No. 19 of 2018.

- a) Neither a Procurement Plan nor a procurement timetable had been prepared by the procurement entity contrary to Guidelines 4.2.1 and 4.2.3 of the Government Procurement Guidelines with respect to 06 instances in which pharmaceutical ingredients had been purchased incurring an expenditure of Rs. 492,452,048 during the year under review. Certificate of contract registration had not been obtained from the supplier in accordance with Public Contract Act.
- b) The shelf life of 600 units of the item, Chloroquine Phosphate BP, procured at an expenditure of Rs. 6,698,610 as per instructions of the Medical Supplies Division during the period of 2020 in which Covid-19 had spread severely, exceeded for over 02 years since those items had been received by the pharmaceutical ingredients store. Stocks of this pharmaceutical ingredient are scheduled to be expired by 31 March 2025, and re-exporting the stock could not be done even by the date of audit.
- c) A stock of E/H Gelatine Caps No.01 Bright Orange/Black, marked with "DHS" emblem and purchased at the value of Rs. 1,261,032 following an order placed by the Medical Supplies Division for Cloxacillin Sodium BP 250mg, had become slow-moving as the order had been suspended by the Medical Supplies Division without prior notice. The said stock remained expired even by the date of audit.

2.3 Other Information

- a) The following observations are made on the progress of executing the activities included in the Action Plan prepared for the year 2022.
 - (i.) Action had not been taken to seek approval of the Board of Directors for the Action Plan.
 - (ii.) The Corporate Plan for the period 2022-2026 comprising the financial forecast, had been presented to the Director General of the Department of Public Enterprises by the Secretary to the Line Ministry along with the Action Plan and the annual budget for the relevant year. Nevertheless, the Corporate Plan for the period 2022-2026 had not been approved by the Director of Public Enterprises even by 04 May 2023. Considering the fact that activities to be executed within timeframes given in the Corporate Plan are represented in the Action Plan, performance of the activities relating to the period could not be evaluated as the Corporate Plan had not been approved.



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- b) The following observations are made on the productivity and manufacturing efficiency of the year under review.
- (i.) The total manufacturing requirement identified in accordance with the marketing plan and the manufacturing plan, indicated a difference of 777.576 million units of 71 pharmaceuticals.
 - (ii.) The total requirement of 29 pharmaceuticals included in the marketing plan provided by the marketing division of the Corporation for the year 2022, was 2,545.180 million units whereas the actual production of those 29 pharmaceuticals stood at 1,408.081 million units only during the year under review. As such, a shortage of 1,137.099 million units had been observed between the required production and the actual production.
 - (iii.) As for the total sales revenue for the period 2018-2022, contribution of the joint ventures made in each year to the sales of the Corporation, had increased, but contribution of the products of the Corporation made to the sales of the Corporation had dropped. As for the year 2022, contribution of the joint ventures made to the total revenue stood at 52.34 per cent whilst the products of the Corporation had contributed to the total revenue by 47.66 per cent.
 - (iv.) Fifteen pharmaceuticals manufactured by the Corporation had been priced at values less than the production cost. As those pharmaceuticals had been sold at prices less than the production cost, the Corporation had sustained a loss of Rs. 230,054,679 during the year under review.
 - (v.) A profit margin of 26-81 per cent of the production cost had been added in pricing certain pharmaceuticals manufactured by the Corporation.
- c) The following observations are made on the sales and distribution of pharmaceuticals in the year under review.
- (i.) Out of the pharmaceuticals ordered by the Medical Supplies Division for the year under review, the Corporation was unable to supply 122.53 million units of pharmaceuticals the sales value of which amounted to Rs. 723,571,830, due to reasons such as, shortage of pharmaceutical ingredients, lack of machine capacity, and technical issues in the manufacturing process.
 - (ii.) The 2,969.65 million units of pharmaceuticals with a sales value of Rs. 13,927,795,651 supplied to the Medical Supplies Division for the year under review, comprised only 2,368.29 million units of pharmaceuticals provided from the products of the Corporation the sales value of which amounted to Rs. 5,365,222,678 whilst the balance 601 million units of pharmaceuticals of which the sales value amounted to Rs. 8,562,572,974 were provided through joint venture supplies. However, considering the fact that the quantity of pharmaceuticals supplied by joint ventures was outnumbered by the quantity of pharmaceuticals supplied to the Medical Supplies Division, the State Pharmaceuticals Manufacturing Corporation contributed considerably to the economy of the country.



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- (iii.) According to the audit test check, payments made in favour of the cheques presented to the Corporation by the distributors relating to the sales, had been halted. As such, cheques valued at Rs. 1,915,999.75 pertaining to 03 invoices, had been dishonoured. Accordingly, the distributors claimed for trade discounts though, the Corporation had been unable to recover the monies from them in a timely manner.
 - (iv.) A number of 71.186 million units of pharmaceuticals and 38 other items valued at Rs. 1,408.46 million that had not been included in the marketing plan prepared by the Corporation for the year under review, were sold in the year 2022.
 - (v.) Sales targets relating to 351,907 million units of 30 pharmaceuticals could not be achieved in the year 2022, but due to changes in prices of those pharmaceuticals, a revenue of Rs. 2,622.10 million had been earned in excess of the revenue estimated in the marketing plan.
 - (vi.) Sales targets valued at Rs. 101,456,371 set for 16 of 48 distributors by the Corporation for the period from July – December 2022, could not be achieved.
 - (vii.) Approval had not been granted for some of the invoices issued by the marketing division. Although certain invoices had not been signed after being checked, approval had been granted thereon.
- d) The Corporation had entered into agreements in the years 2018 and 2019 with 17 potential investors for the supply of pharmaceuticals under the proposal to establish joint ventures between the State Pharmaceuticals Manufacturing Corporation and private investors in order to expand the process of manufacturing pharmaceuticals locally. Nevertheless, only 15 joint investors had liaised with the Corporation. The following observations are made on the manner in which the Corporation had performed transactions with those joint ventures.
- (i.) Pharmaceuticals had been purchased only from 06 investors even by 31 December 2022 although agreements had been entered into with 15 investors for the supply of pharmaceuticals.
 - (ii.) The accounting policy relating to the joint ventures that pharmaceuticals would be supplied to the Medical Supplies Division by adding a profit margin of 06 per cent to the purchasing price, had been disclosed in the financial statements, but it was revealed not to be so in the audit test check conducted on 17 items of pharmaceuticals purchased during the first half of the year 2022 from an investor with whom an agreement had been entered into.
 - a. A service fee of Rs. 2,490,749.53 had been earned with respect to 02 items of pharmaceuticals worth Rs. 14,979,403.47 equivalent to 17 per cent of the invoiced price, and such items had been sold to the Medical Supplies Division at the value of Rs. 17,470,153. Thus, the 6 per cent profit being the policy on earning profits with respect to the joint venture purchases of the Corporation, had been exceeded and those pharmaceuticals had been sold to the Medical Supplies Division by the Corporation at a profit of 11 per cent. According to the cost specifications presented to the Corporation by the manufacturer of



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this item, the total manufacturing cost of the said stock amounted to Rs. 9,037,401.68, and hence, it was revealed that a profit margin as high as 65 – 66 per cent had been earned by the joint venture.

- b. The invoice value of 13 pharmaceuticals purchased amounted to Rs. 65,962,584.37, and with a service fee equivalent to 17 – 26 per cent amounting to Rs. 11,058,498.03 being added thereto, those pharmaceuticals had been sold to the Medical Supplies Division at a sum of Rs. 77,021,082. As such, the Corporation had earned profits in the range of 11 – 26 per cent in excess of the 06 per cent profit margin. Cost of those pharmaceuticals amounted to Rs. 69,934,852 as per cost specifications of the manufacturer, and it was further revealed that the joint venture had earned loss ranging from 2 – 17 per cent. As such, it was not satisfactory in audit as to whether the Corporation had taken follow up action on the accuracy of cost specifications presented to the Corporation.
- (iii.) As had been recommended by the Official Committee appointed by the Cabinet in order to implement the joint venture proposal, quality control, management and technical assistance for the manufacturing process of the investor should have been provided by the Corporation, and 10 per cent of the shares of the investor should have been issued to the Corporation on that behalf. Nevertheless, only 07 investors had issued their shares to the Corporation. Contrary to the agreement, the Medi Com (Pvt) Ltd, an investor with whom the Corporation had performed transactions in the year 2022, did not issue 10 per cent of its shares to the Corporation even up to the date of audit on 31 December 2022.
- (iv.) Action has been taken to purchase pharmaceuticals under the SPMC brand name from institutions named by the Directors of the Corporation such as Sands Active (Pvt) Ltd and Yaden Laboratories (Pvt) Ltd.
- (v.) The certificates relating to 10 percentage shares to be given to the Corporation by 04 joint ventures, had been received from Premium International (Pvt) Ltd, Sands Active (Pvt) Ltd, Synergy Pharmaceuticals Corporation (Pvt) Ltd, and Yaden Laboratories (Pvt)Ltd. However, the Corporation had purchased pharmaceuticals only from the 02 institutions of Sands Active (Pvt) Ltd and Yaden Laboratories (Pvt) Ltd from the beginning of the year 2023.
- e) As the facilities of the State Pharmaceuticals Manufacturing Corporation, the sole institution in Sri Lanka manufacturing pharmaceuticals, had become insufficient to meet the demand, it was proposed to establish a new manufacturing plant in Millewa, Horana in order to expand the capacity of the Corporation. It was identified that the pharmaceuticals manufacturing industry had the potential to bring economic benefits to Sri Lanka in the contexts such as, a considerable amount of foreign exchange was spent by the Government for importing pharmaceuticals, other consumables and medical equipment, possibility of attracting foreign investments directly, earning foreign exchange through export, and saving foreign exchange through import substitutes. Accordingly, approval of the Cabinet was received on 08 March 2021 to implement the project named “Lotus Pharma” in view of expanding the capacity of State Pharmaceuticals Manufacturing Corporation through a new manufacturing



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plant, and a land in extent of 65 acres located in Millewa, Horana, was acquired at a cost of Rs. 322.4 million. Three officers were appointed on contract basis for the project, and a sum of Rs. 354.96 million was approximately spent on the project as at 2022.12.31. However, the project does not progress as scheduled, and hence, all the parties should take measures to prioritize such projects capable of bringing enormous benefits for the country. Attention of the Board of Directors as well as other parties responsible should be brought to expeditiously complete the project so as for the nation to be benefitted.

- f) Construction works of a two-storied building to be used for storing manufactured pharmaceuticals had been commenced on 21 September 2018, and a sum of Rs. 44,739,833 had been spent thereon as at 31 December 2022. Although the constructions should have been completed by 21 August 2019 in accordance with the initial agreement, the construction process had delayed due to miscellaneous reasons. Furthermore, in case of the contract agreement being breached by the contractor, a performance security not less than 05 per cent of the estimated contract sum should have been obtained to safeguard the procurement entity, and in terms of Section 5.4.8 Works: (b) of the Procurement Guidelines, the performance security should be valid till twenty-eight (28) days beyond the intended completion date. Nevertheless, the performance security, so furnished, had expired on 04 September 2022. Action had not been taken to extend the validity periods of the performance security and advance bond of this contract the works of which could not be completed as at the date of audit.
- g) The following observations are made on the management of human resources of the Corporation.
 - (i) The approved cadre of the Corporation stood at 427 whereas the actual cadre was 323 as at 31 December 2022. Appointments could not be made up to 31 March 2023 to several significant posts including 02 posts in the Formulation & Development Department as well as the Quality Control Division which were crucial in the manufacturing process.
 - (ii) Schemes of Recruitment for 08 approved posts could not be prepared and approved by the Department of Management Services even by 25 May 2023.
- h) Eighty-two items of non-current assets costing Rs. 21,962,722 as at 31 December 2022 had not been subjected to the physical survey conducted for the year under review. Those items had not been shown as shortages as well.
- i) As for the recognition of fixed assets, the Corporation did not have a policy to recognize a value based on which an asset would be considered a fixed asset.
- j) A balance of Rs. 3,593,491,982.74 remained payable to 04 joint ventures and Kelun Lifesciences Pvt Ltd as at 31 December 2022 for the supply of finished goods, and 58 per cent thereof amounting to Rs. 2,080,068,385.28 had exceeded the 50day period granted to settle the credit limits.



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- k) The balance of Rs.14,030,172 that remained due over a year for the pharmaceuticals supplied to the State Pharmaceuticals Corporation, could not be recovered even by 29 May.
- l) According to the financial statements, balances of 02 creditors had not tallied with direct confirmation of balances whilst the creditors balance had been understated by Rs. 1,285,995 in the assessment as at 31 December 2022.

W. P. C. Wickramaratne
Auditor General

The Chairman's Comments on the Report of Auditor General for the year 2022

2.2.2

- a) According to Chapter 2.3 of the operations manual issued by the Department of Public Enterprises in accordance with the letter dated 2022.01.25 issued by the Department of Public Enterprises to the Chairman of the State Pharmaceuticals Manufacturing Corporation, the Board of Directors is authorized to approve the accounting manual. Accordingly, the accounting manual comprising all the payments, had been approved by the Board of Directors on 2022.01.25. Furthermore, instructions of the Commissioner General of Labor relating to provisions of the Labor Law in that connection, had been obtained in writing.
- b) Applications had been called for filling the vacancy (on the dates of 2018.10.04, 2019.02.24, 2019.09.08, 2020.09.20, 2021.12.12)

However, there were no qualified applicants. At present, approval of the Department of Public Enterprises (PED) has been sought to make recruitments. As an officer is essentially necessary to act in the capacity of Deputy General Manager for ensuring the smooth functioning of the Formulation, Research & Development Department, the Manager - Formulation, Research & Development Department, has been appointed until the vacancy in the said post is filled.

- c) According to Chapter 2.3 of the operations manual issued by the Department of Public Enterprises in accordance with the letter dated 2022.01.25 issued by the Department of Public Enterprises to the Chairman of the State Pharmaceuticals Manufacturing Corporation, the Board of Directors is authorized to approve the financial manual. Accordingly, the financial manual comprising all the payments, had been approved by the Board of Directors on 2022.01.25. Accordingly, payments had been made for distress loans.
- d) A register containing information on all the cheques sent by post, is being maintained on the computer. That register may be made available to the Audit if need be.
- e) According to Chapter 2.3 of the operations manual issued by the Department of Public Enterprises in accordance with the letter dated 2022.01.25 issued by the Department of Public Enterprises to the Chairman of the State Pharmaceuticals Manufacturing Corporation, the Board of Directors is authorized to approve the financial manual. Accordingly, the financial manual comprising all the payments, had been approved by the Board of Directors on 2022.01.25. Furthermore, the special bonus had been given to further encourage the employees in view of reaching the maximum capacity of the products and sales of the manufactory in the relevant year. This will ensure an increased manufacturing capacity with which pharmaceuticals requirement of Government hospitals will be fulfilled continuously.
- f) (i)
 - (i) According to Chapter 2.3 of the operations manual issued by the Department of Public Enterprises in accordance with the letter dated 2022.01.25 issued by the Department of Public Enterprises to the Chairman of the State Pharmaceuticals Manufacturing Corporation, the Board of Directors is authorized to approve the accounting manual. Accordingly, the accounting manual comprising all the payments, had been approved by the Board of Directors on 2022.01.25. As such, payments for incentive on attendance had been made.

- (ii) The payments had been made in accordance with Public Enterprises Circular, No. PES/08/2022 issued by the Department of Public Enterprises on 2022.12.21.
- (ii) According to Chapter 2.3 of the operations manual issued by the Department of Public Enterprises in accordance with the letter dated 2022.01.25 issued by the Department of Public Enterprises to the Chairman of the State Pharmaceuticals Manufacturing Corporation, the Board of Directors is authorized to approve the financial manual. Accordingly, the financial manual comprising all the payments, had been approved by the Board of Directors on 2022.01.25. Accordingly, payments had been made on Christmas gift vouchers.
- (iii) According to Chapter 2.3 of the operations manual issued by the Department of Public Enterprises in accordance with the letter dated 2022.01.25 issued by the Department of Public Enterprises to the Chairman of the State Pharmaceuticals Manufacturing Corporation, the Board of Directors is authorized to approve the financial manual. Accordingly, the financial manual comprising all the payments, had been approved by the Board of Directors on 2022.01.25. Accordingly, payments had been made for allowance on shifts.
- g) According to Chapter 2.3 of the operations manual issued by the Department of Public Enterprises in accordance with the letter dated 2022.01.25 issued by the Department of Public Enterprises to the Chairman of the State Pharmaceuticals Manufacturing Corporation, the Board of Directors is authorized to approve the financial manual. Accordingly, the financial manual comprising all the payments, had been approved by the Board of Directors on 2022.01.25. Accordingly, payments had been made on loans for pushbikes.
- h) Action will be taken to suspend the payment of loans to staff grade officers.

2.2.3

Considering the matters and situations mentioned, measures will be taken accordingly from the year 2023.

2.2.4

- (a) Although the Procurement Plan and Procurement timetable had not been included in Procurement files, the Procurement timetable had been followed. As had been pointed out by the Audit, the Procurement Plan and Procurement timetable are being included in the Procurement files at present.
- (b) During the spread of Covid-19 in the year 2020, it was recommended that the drug, Chloroquine Phosphate BP 250 mg, be prescribed against the disease worldwide. Using the stock of ingredients already in store, we were able to manufacture 05 million tablets of Chloroquine Phosphate BP 250 mg within a very short period and provide for the Medical Supplies Division.

In the wake of Chloroquine Phosphate being recommended for Covid-19 pandemic, demand for ingredients of this drug at the world market sharply increased. Believing that it was our responsibility to provide the drug for people in Sri Lanka, measures were taken to expeditiously procure a stock of 600 kg as per instructions of the Medical Supplies Division. It was so done with the objective of bringing relief for people in Sri Lanka severely affected by the pandemic. Nevertheless, the said stock could not be used as the drug was not prescribed as expected.

The IPCA Laboratories – India (19/01/2021, 27/02/2023), has been informed to look into the possibility of re-exporting this stock. Furthermore, requests have also been made to find out the possibility of providing the said stock or the products thereof, for the United Nations Children Fund – Thailand (29/06/2020).

Furthermore, the Additional Secretary (Health Services) of the Ministry of Health has been requested to make necessary coordination, in case that any local or foreign party is interested in the drug or the stock of ingredients, if any. We have been informed that the possibility of donating to a country in Fiji Islands is being looked into. The coordination is in progress at present.

- (c) Those Gelatin Caps had been purchased for an order of Cloxacillin Sodium BP 250 mg placed by the Medical Supplies Division. Hence, the letters “DHS” had been printed on the Caps as required by the Medical Supplies Division. Attempts had been made with the Medical Supplies Division in order to utilize the rest of the 5.125 million Caps before being wasted, but no positive response was received.

The stock of Gelatin Caps could not be used to manufacture Cloxacillin Sodium BP 250mg for the open market as the letters "DHS" had been printed thereon; and hence, the stock could not be made use of until expiration. As the stock has already been expired, action will be taken for proper disposal in due course, and with a view to avoiding the recurrence of such losses, no orders have been placed for Gelatin Caps printed with “DHS”.

2.3

- (a)
- (i) The Action Plan was presented to the Board of Directors on 2023.07.20 and approval has been received.
 - (ii) The Strategic Plan was presented to the Board of Directors on 2023.07.20 and approval has been received. Action is being taken to obtain approval of the Director General of Public Enterprises through the Secretary to the Line Ministry.
- (b)
- (i) Amounts of pharmaceuticals manufactured in each month during the year 2022 as per the monthly production plan, are given below.

Month	Expected Production (Million)	Actual Production (Million)	Percentage %
January	280.8905	226.382	80.6
February	263.9055	253.642	96.1
March	279.89	330.727	118.2
April	245.275	209.864	85.6
May	288.49	263.244	91.2
June	299.644	316.531	105.6
July	313.288	324.5	103.6
August	296.629	274.593	92.6
September	245.57	251.629	102.5
October	247.94	305.074	123.0
November	351.42	350.886	99.8
December	256.806	195.883	76.3

The target has been achieved within 09 months at the percentage of $\pm 10\%$ with respect to many of the months whilst the targets for all the months have been achieved at the percentage of $\pm 25\%$.

Although the demand of the Medical Supplies Division could be met by the Corporation, the demand of the Medical Supplies Division with respect to the following pharmaceuticals, could not be met.

Almost all those pharmaceuticals have been manufactured more than what is required by the Medical Supplies Division. However, due to scarcity of pharmaceuticals prevailed at the market during that period in the country, an amount of pharmaceuticals, more than scheduled, had to be sold through the private distributors. In relation to the pharmaceuticals manufactured, the requirement of the Medical Supplies Division and amounts manufactured, are as follows.

Name of the Pharmaceutical	Amount Manufactured (Millions)	Amount Ordered (MSD) (Millions)
Ascorbic Acid	144.50	100.00
Ciprofloxacin	1.80	4.00
Domperidone	58.10	5800.
Famotidine	102.63	5200.
Gliclazide 80 mg	297.00	240.00
Indometacin	5.00	2.00
Metformin 500 mg	72.84	5000.
Paracetamol 500 mg	523.00	325.00
Trifluoperazine	13.50	5.05
Theophylline 125 mg SR	13.65	12.00

- (ii) The institution manufactured 3,043.5 million tablets and capsules in the year 2021 whereas that amount increased up to 3302.1 million tablets and capsules in the year 2022.

Moreover, the forecasted manufacture and supply of pharmaceuticals had drastically changed due to economic crisis of Sri Lanka in the year 2022. The SPMC supplies 25 per cent of the total manufacture to privately-owned pharmacies whereas 75 per cent is supplied to the Medical Supplies Division. Furthermore, following the reemergence of Covid-19 in the year 2022, the Institution had to supply pharmaceuticals in line with market demand. Accordingly, drugs like Paracetamol 500 mg, were supplied to privately-owned pharmacies in considerably large amounts by deviating from the usual manufacturing plan. As the Institution reached maximum capacity, some of the pharmaceuticals are manufactured in low amounts whilst others are manufactured in higher amounts. Hence, pharmaceuticals were manufactured beyond scope of the production plan owing to the Covid-19 pandemic and economic crisis in Sri Lanka during the year 2022. This should be considered as a case not possible to have been forecasted, and as against the preceding years, demand for pharmaceuticals in the market varied oftentimes. The process was also hampered due to lack of foreign exchange required to import ingredients. In such a situation, proper adherence to a plan is highly difficult. Nevertheless, the demand was always fulfilled at a higher percentage in the monthly plan. The amounts of pharmaceuticals planned monthly and the actual amounts of manufacture, are shown in (b) (i) above.

- (iii) Joint ventures with the SPMC had been established at the end of the year 2017. Although Cabinet approval had been received for 15, pharmaceuticals had been supplied by one joint venture in the year 2017 and 02 joint ventures had supplied pharmaceuticals in the year 2018 under the Logo of SPMC.

At present day, pharmaceuticals are supplied by 06 joint ventures under the SPMC Logo.

SPMC manufactures tablets and capsules,
Celogen Lanka Pvt. Ltd. manufactures tablets and capsules,
Diyatha Pharmaceuticals Pvt. Ltd. manufactures creams and liquids,
Glosanthe Pvt. Ltd. manufactures bandages,
Kelun Life Sciences manufactures injections and vaccines (Saline, Dextrose),
Yaden Laboratories Pvt. Ltd. manufactures injections,
Medicom Pvt. Ltd. manufactures antiseptics.

Only the items not manufactured by SPMC due to lack of capacity are, manufactured by those joint ventures.

The manufacturing process of the State Pharmaceuticals Manufacturing Corporation had increased in the preceding year, but now remains optimal.

	2020	2021	2022
SPMC manufacturing units (Million)	3015	3040	3303

In order to further expand the manufacturing capacity, action is being taken to shift the sales division of our Corporation to a different location and do the manufacturing process in that building.

It is scheduled to supply tablets and capsules through Sands Active in the year 2023, and the drug named Cephelesporine will be supplied by Sands Active whilst Insulin will be supplied by Premium, Koggala in the year 2024. Accordingly, the sales revenue through joint ventures will be further increased.

- (iv) As for the sale of pharmaceuticals of the Corporation through sales agents, cost analyses thereof are done once per year in general, and based on costs at such times, prices of SPMC products are revised.

Nevertheless, prices of ingredients and other packaging materials had fluctuated constantly in the wake of unfavorable economic situation in the country throughout the preceding year. Due to constant price hike, the unit price of certain drugs had increased, but it was not practical for us to revise the prices until stocks in the warehouses (packaged at the previous price) became zero. Although it was essential for us to revise the prices during the times of fluctuating prices, increasing prices was not possible until the existing stocks were over. However, whenever prices are increased, the competitive markets prices for the same product are also taken into consideration.

- (v) Considering the prices of certain products, a higher profit margin is indicated as against the cost. Nevertheless, the market price of similar products are higher, and hence, purchasing pharmaceuticals at prices set by the State Pharmaceuticals Manufacturing Corporation, would be favorable for the customer. Furthermore, there are instances in which costs of all the products of the State Pharmaceuticals Manufacturing Corporation, are not covered; thus, the loss sustained by the Institution would be minimized in that manner.

(c)

- (i) At present, the State Pharmaceuticals Manufacturing Corporation has expanded the manufacturing facilities for the second time through the JICA project. Owing to sheer dedication of the employees and issuing innovative products to the market, we have reached the optimum capacity of the manufacturing plant. Due to limiting factors such as, production capacity, lack of machinery, failure in obtaining ingredients on time, and technical issues, the amount of pharmaceuticals being manufactured is not sufficient to meet the market demand. To address this situation, plans are underway to establish a new manufacturing plant in Millewa, Horana as second stage of the SPMC. One of such manufacturing facilities would be used to produce normal tablets and capsules, and measures are taken to purchase state-of-the-art machinery required in that connection.
- (ii) Taken into consideration.
- (iii) Discounts are given to them before depositing the cheques relating to invoices mentioned. As such, once such discounts are given only we would be informed that their cheques have been dishonored. Action will be taken to minimize such situations in due course.

- (iv) Based on orders received from the Medical Supplies Division and market demand, the actual sales of those items have varied from their estimated values.

As an order had been placed by the Medical Supplies Division in the middle of the year for medicines such as, Ferrus Fumarate 182.4 mg and Ferrus Fumarate 90.2 mg based on the requirement of Family Health Bureau, those items had been supplied.

Furthermore, the other items not mentioned in the sales plan, were introduced newly in the year 2022.

Problems arose for importing pharmaceuticals due to Covid-19 pandemic and economic crisis in the year 2022. Hence, plans and approvals on those pharmaceuticals that had already been received to manufacture them locally, were made efficient thus taking action to supply those pharmaceuticals to the patients with involvement of the Ministry of Health.

Many of those pharmaceuticals were manufactured at the manufacturing plant established newly in Pallekele, Kandy.

- E.g. Dextran 40, 10%, in NaCl for IV use 500 ml prescribed for Dengue patients.
- Dextrose for IV use 25%, 25 ml, Dextrose Injection 5%, 500 ml, Dextrose for IV use 50%, 20 ml-50ml prescribed for regulating blood sugar level.
- Water for Injection 10ml vial used as a solvent for injections.

This included the drugs such as the ones mentioned above. All those pharmaceuticals had been provided for the Medical Supplies Division under SPMC Logo, and this was the first instance in the history of Sri Lanka in which water for injection had been manufactured. It is a remarkable victory for SPMC to have supplied those products during the times of global economic recession.

Furthermore, import of those pharmaceuticals have been stopped, thus saving foreign exchange and providing pharmaceuticals for the public on time.

Moreover, establishing such manufacturing plants in the country would pave way for generating new employment opportunities, utilizing new technology, and allowing the University students to gain training on new technology (students of the University of Peradeniya are already conducting their academic activities there), thereby increasing development of the country.

Once local demand is met, the items manufactured by this plant under EUGMP certification, the rest would be exported, thus strengthening the economy of the country.

- (v) Prices were increased due to increased prices of ingredients. Furthermore, the value of Dollar being Rs. 203 at the beginning of the year 2022, sharply increased to Rs. 380, hence higher prices were paid for purchasing ingredients. Following the increase in the value of Dollar, the maximum retail prices of those items were increased several times by the NMRA. Our products were sold at prices for which approval had been given at the pricing committee meeting held with participation of the Secretary to the Ministry of Health.

- (vi) The minimum monthly sales target assigned to distributors by the State Pharmaceuticals Manufacturing Corporation, is Rs. 02 million though, priority is given to orders placed by MSD due limited manufacturing capabilities of the State Pharmaceuticals Manufacturing Corporation. As such, only a very limited stock is given to the marketing division to meet the market demand. Accordingly, fulfilling the sales targets is highly difficult for many distributors, and in many instances, only the main sales representatives reach their sales targets but they also find it difficult to achieve their targets at present.
- (vii) The Invoice Nos. 07652 and 08366 mentioned herein have not been signed after being checked. The reason for this could be that, as only a limited number of employees are there in the marketing division, there might have been nobody to check the invoices. The audit section of the Corporation has also been apprised of this problem. The other two Invoice Nos. of 08016 and 08017 could not be approved due to our mistake. It is informed that measures will be taken to avoid such mistakes in the future.

Once the marketing division is established at a different location and vacancies are filled in due course, this issue will be solved.

(d)

- (i) Of those 15 investors, only the below mentioned investors have qualified and met the manufacturing requirements necessary to supply pharmaceuticals to the Medical Supplies Division.

1. Diyatha Pharmaceuticals & Healthcare (Pvt) Ltd.
2. Glosante (Pvt) Ltd.
3. Celogen Lanka (Pvt) Ltd.
4. Medicom (Pvt) Ltd.
5. Sands Active (Pvt) Ltd. (Since April 2023)
6. Yaden Laboratories (Pvt) Ltd. (Since December 2022)

(ii)

- (a) As for the 02 relevant items, approval of the pricing committee given on 2020.10.01 had been taken into consideration by the State Pharmaceuticals Manufacturing Corporation when the items had been sold to the Medical Supplies Division. Nevertheless, the joint venture had invoiced them based on prices given by the pricing committee on 2020.02.06 and 10; and, a price lower than that of the one approved on 2020.10.01 had been approved on 2020.02.06 and 10. As such, the State Pharmaceuticals Manufacturing Corporation had presented invoices under new prices whereas invoices had been presented under old prices by the joint venture, thus giving rise to this situation.

The State Pharmaceuticals Manufacturing Corporation abides by the decisions taken with Cabinet approval relating to prices. It is also stated that the joint ventures functioning as private enterprises do not earn higher revenues or profits whereas the Government earns higher benefits.

- (b) As for the 17 relevant items of pharmaceuticals, decision of the pricing committee given on 2020.10.05 had been taken into consideration by the State Pharmaceuticals Manufacturing Corporation when the items had been sold to the

Medical Supplies Division. Nevertheless, the joint venture had invoiced them based on prices given by the pricing committee on 2021.04.05 due to the fact that the invoices containing the relevant items had been prepared by them before conducting the meeting of the pricing committee on 2021.10.05. As such, they had mentioned the prices in invoices in accordance with cost sheets presented to the pricing committee on 2021.04.05. In this backdrop, the State Pharmaceuticals Manufacturing Corporation had earned higher profits.

The State Pharmaceuticals Manufacturing Corporation abides by the decisions taken with Cabinet approval relating to prices. It is also stated that the joint ventures functioning as private enterprises do not earn higher revenues or profits whereas the Government earns higher benefits

- (iii) Documents necessary to issue share certificates are being prepared by the Medicom (Pvt) Ltd.
- (iv) We have named directors for institutions to which shares had been issued after entering into agreements with the SPMC. The Sands Active (Pvt) Ltd. and Yaden Laboratories (Pvt) Ltd. supply pharmaceuticals to the Medical Supplies Division under SPMC Logo at present.

As Premium International (Pvt) Ltd. has issued shares to our Institution, a director has been appointed by us, and construction of manufacturing plants of that institution is in progress. The construction process had been hindered due to unfavorable situation prevailed in the country. It is expected to purchase the products as soon as the construction of the manufacturing plants is complete.

- (v) Constructing the manufacturing plants of Sands Active (Pvt) Ltd. and Yaden Laboratories (Pvt) Ltd., and obtaining NMRA certification have been completed at present. Pharmaceuticals are purchased from both institutions since the beginning of the year 2023.

Construction of manufacturing plants belonging to the Premium International (Pvt) Ltd. and Synergy Pharmaceuticals Corporation (Pvt) Ltd. is in progress at present. The construction process had been hindered due to unfavorable situation prevailed in the country. It is expected to purchase the products as soon as the construction of the manufacturing plants is complete.

- e) The relevant post of Project Coordinator had also been approved by the Cabinet for Project Management Committee. Legal advice is not essentially necessary in implementing projects of this nature. As a permanent post of Legal Advisor had not existed at the SPMC then, the Legal Advisor already employed at the SPMC on contract basis under approval of the Board of Directors, had been selected for the Lotus Pharma project implemented in Millewa, Horana as well. Services of Legal Officer had been obtained by us for affairs of the State Pharmaceuticals Manufacturing Corporation as well as the Lotus Pharma project.

The post of Project Secretary is also vital for a project like this one. As such, an appointment had been made to the post of Project Secretary on contract basis subject to the approval of the Board of Directors in order to proceed with the project. In view of a successful pharmaceuticals

manufacturing project, and considering the national significance thereof, action has already been taken to obtain approval of the Department of Management Services for the 03 posts of Project Coordinator, Legal Advisor, and Project Secretary.

Action is being taken to prioritize and expedite this project.

A discussion was held recently with Director General of the Department of Management Services in order to obtain approval for the said posts, and it was informed at the discussion that a letter be presented again seeking approval. Accordingly, a letter has been sent requesting for approval.

f) The following matters attributed to the failure in completing the construction of two storied building by 21 August 2019 as per the agreements.

(a) Due to failure of the Ministry of Finance in settling the sums of Rs. 445.80 million and Rs. 1,482.40 million due for the years 2018 and 2019 respectively from the Medical Supplies Division – the main buyer of our products, our Institution had become financially inconvenienced. Delay in settling the following payments is one of the reasons that delayed the project.

- The Accounts Division had been requested on 2018.05.18 to make the first payment or the advance equivalent to 20 per cent of the contract value, to the contractor, being KSJ Construction Pvt Ltd. Nevertheless, due to the reason mentioned above, that payment had been made after a lapse of 07 months on 2018.12.07.
- Although the first bill (interim payment No. 01) had been presented in January 2019, the payment had been delayed by 06 months.

(g)

- (i) Action is being taken to make appointments for all the posts including the key posts.
- (ii) Schemes of Recruitment has been prepared for those posts and presented to the Department of Management Services for approval.

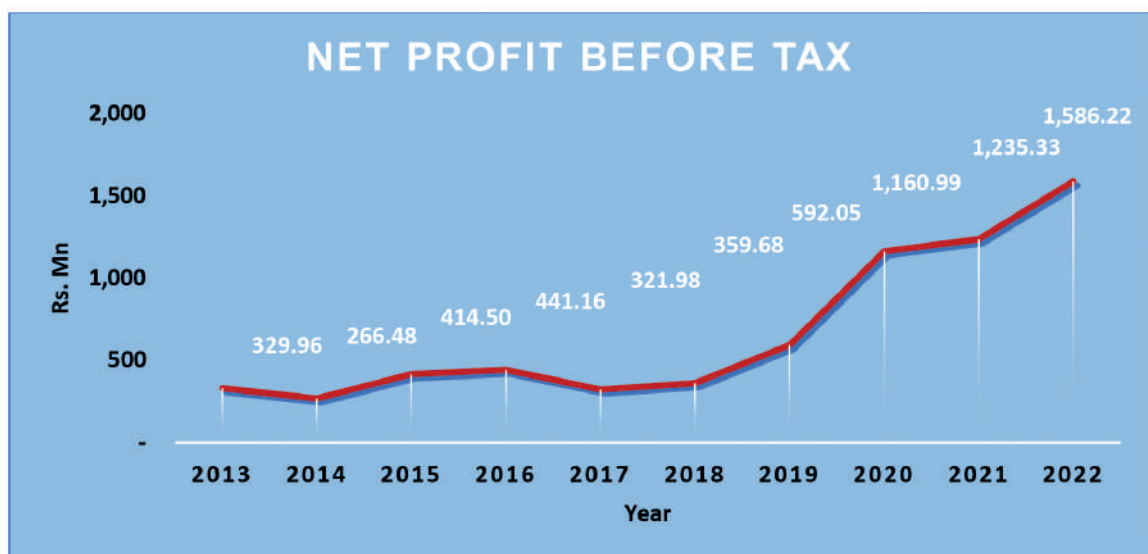
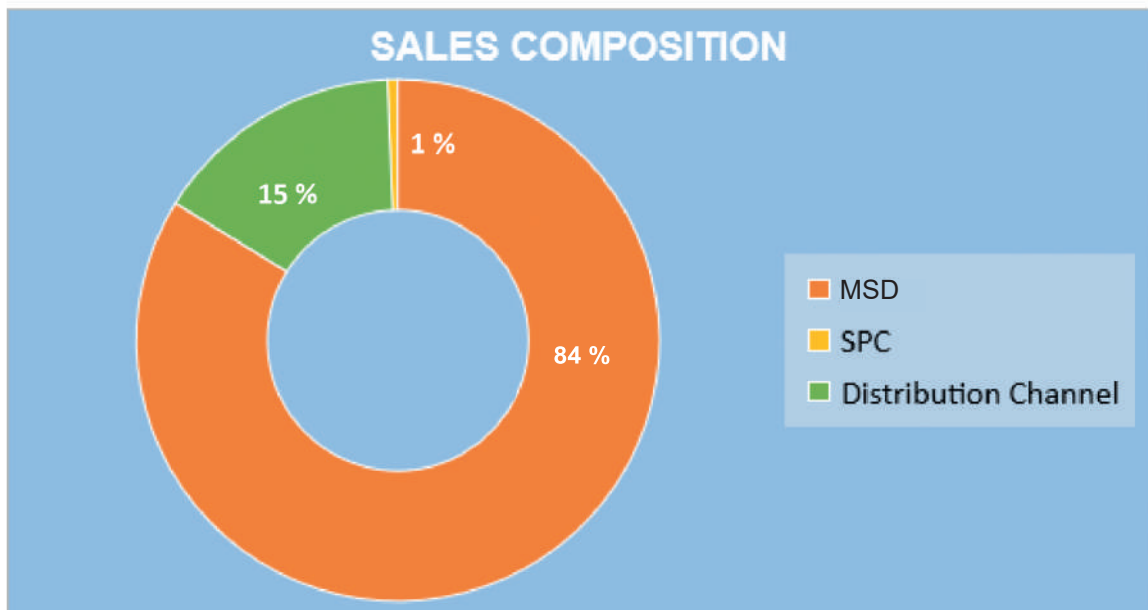
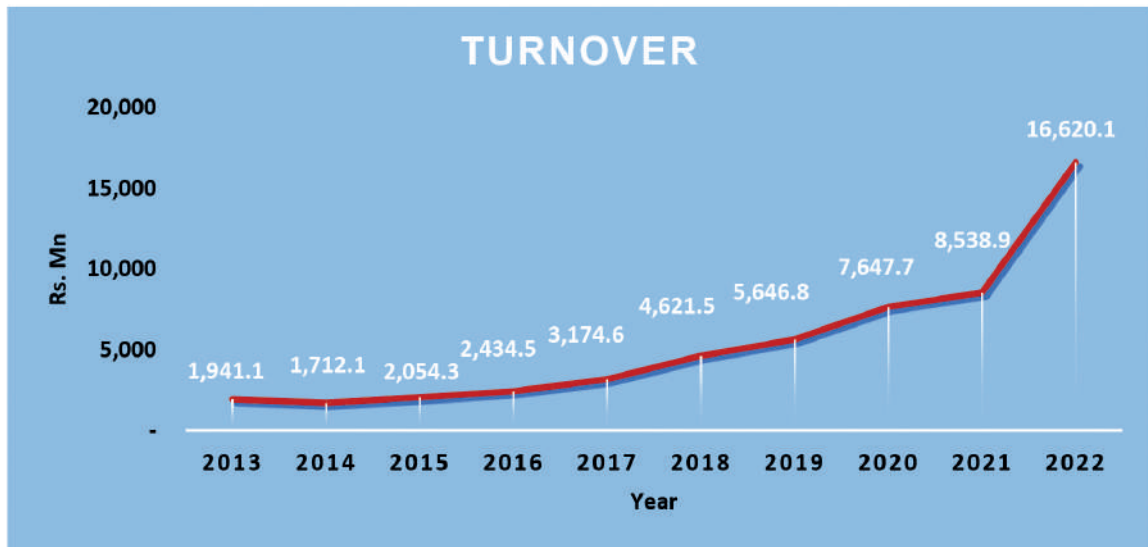
As the Department of Management Services examines those Schemes of Recruitment before being approved, it is expected that, once the drafts are received by us after being so examined, the drafts will be amended as necessary and forwarded to the Department of Management Services through the Line Ministry.

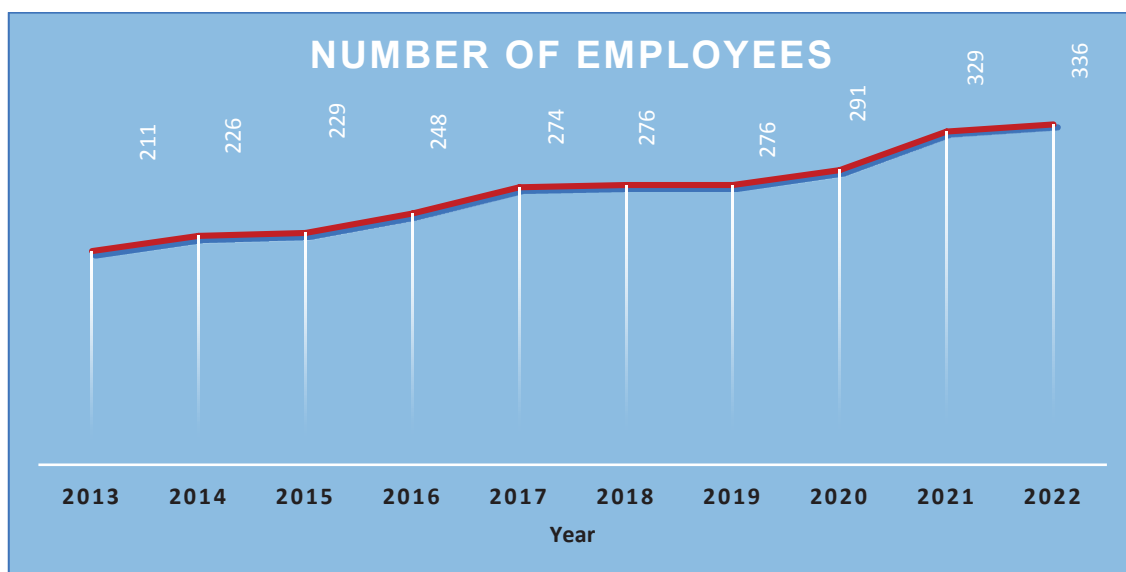
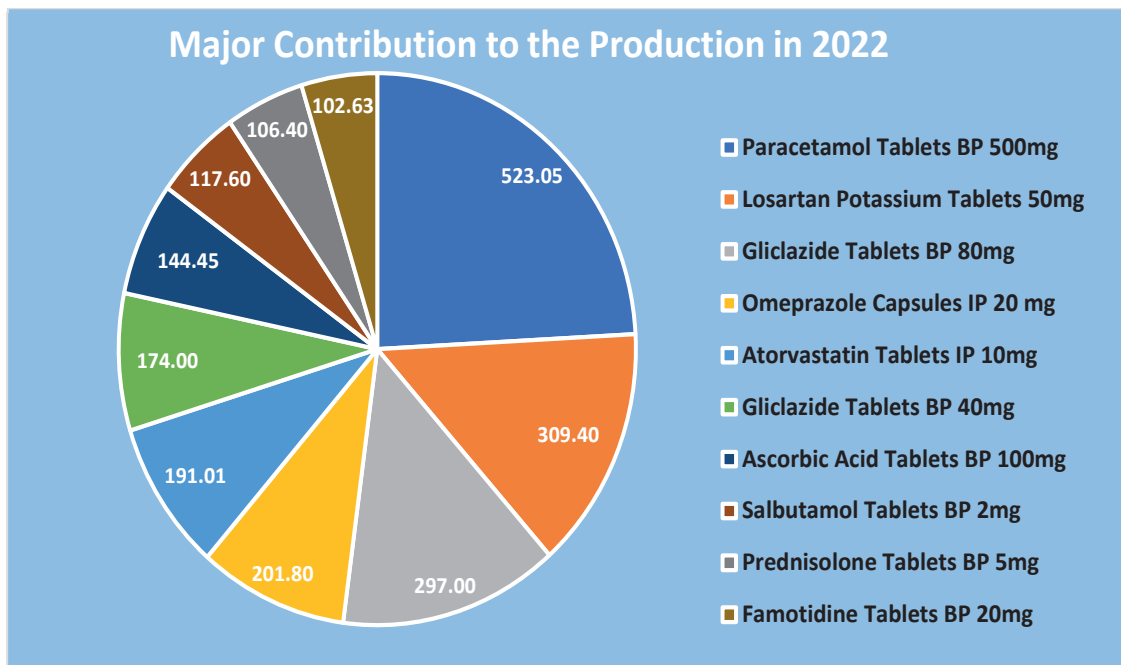
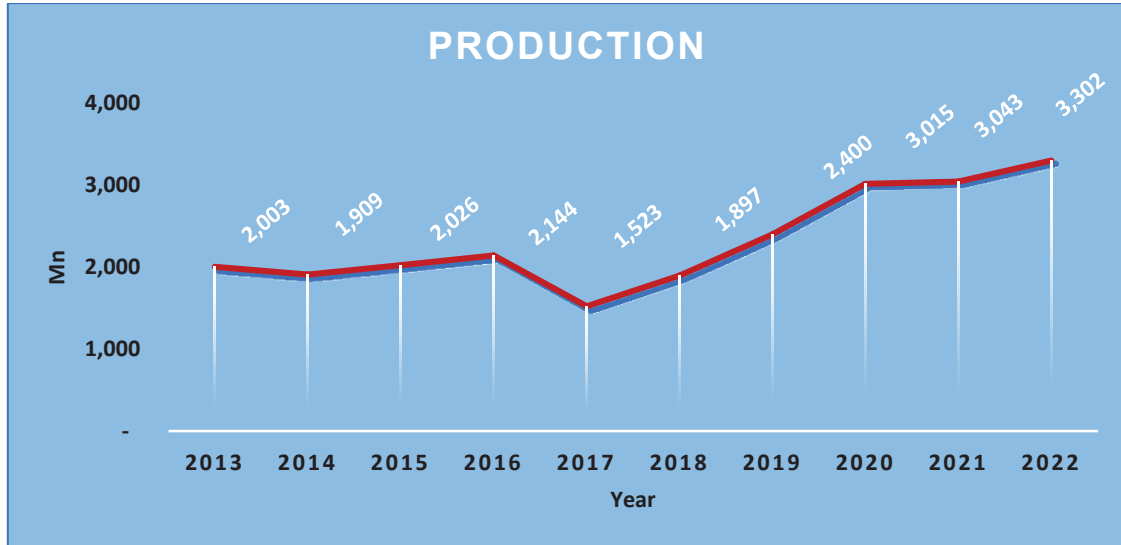
- (h) Necessary measures will be taken in the year 2023 by avoiding those deficiencies.
- (i) Criteria for recognition of all the classes of assets belonging to the Corporation will be set, and action will be taken to introduce a policy on Property, Plant and Equipment in the year 2023.
- (j) It is our policy to make payments for joint ventures after a period of 50 days since the date of supply. However, such payments are made based on the manner in which funds are received from the Treasury: in case of funds not received by us from the Treasury, making payments to the joint ventures is not a possibility. Hence, the payment period for them would be beyond 50 days.
- (k) The State Pharmaceuticals Manufacturing Corporation is constantly taking action to recover the said balance, and the recovery will soon be made.
- (l) There existed no difference between the values shown in the confirmation letters and the balances as at 2022. 12.31 relating to 04 creditors mentioned in the audit query. The reason is that confirmation of balances relating to Jayasinghe Industries and Macklarans Logistics Ltd had not been correctly shown, and the correct balances were sent again. Furthermore, invoices shown as being payable have not been received by the Corporation from the Dinlanka Logistic and Sri Lanka Insurance Corporation.

Graphical Reviews



GRAPHICAL REVIEW





FINANCIAL HIGHLIGHTS FOR THE PAST 10 YEARS

(Rs.000)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Turnover	1,941,182	1,712,105	2,054,363	2,434,508	3,174,612	4,621,537	5,646,878	7,647,780	8,538,944	16,620,184
Cost of Sales	1,513,899	1,319,715	1,539,441	1,888,256	2,666,683	3,990,801	4,743,125	6,280,757	7,102,322	14,559,044
Gross Profit	427,283	392,391	514,921	546,252	507,928	630,736	903,752	1,367,023	1,436,621	2,061,140
Operational Profit	304,176	224,758	364,845	353,776	244,987	308,741	564,411	1,067,020	1,078,814	1,253,361
Admin. Overhead	106,096	133,933	125,469	165,788	204,579	242,218	237,694	247,137	244,271	332,120
Interest Income	28,059	44,196	53,586	87,629	77,401	51,659	28,093	94,487	156,792	351,759
Net Profit Before Tax	329,968	266,481	414,501	441,164	321,982	359,680	592,057	1,160,997	1,235,327	1,586,213
Net Profit After Tax	209,154	183,848	262,323	296,646	223,907	251,262	434,777	1,017,364	1,006,185	965,472
Fixed Assets	762,641	780,718	762,560	798,657	802,775	3,133,903	3,203,159	3,117,911	2,974,013	3,656,401
Short Term Investment	429,896	913,443	1,027,388	1,175,754	926,461	369,761	474,984	3,040,316	3,452,508	4,398,099
Total Assets	2,294,113	2,386,449	2,700,885	2,902,284	3,073,637	6,229,453	7,185,386	7,829,711	8,680,301	14,013,711
No. of Employees	211	226	229	248	274	276	276	291	329	336

Total Assets = Net Book Value of Total Non-Current Assets + Total Current Assets

CORPORATE INFORMATION

NAME OF THE ORGANIZATION

State Pharmaceuticals Manufacturing Corporation of Sri Lanka

LEGAL FORM

Established in 1987 under the State Industrial Corporation Act No. 49 of 1957

DATE OF INCORPORATION

June 04, 1987

REGISTERED OFFICE

11, Sir John Kotelawala Mawatha, Kandawala Estate, Ratmalana, Sri Lanka.

BOARD OF DIRECTORS

Dr. P. P. G. P. U. Indrawansa	-	Chairman
Dr. Bandula Chandranath Wijesiriwardena	-	Director
S. A. Chandrika Kulathilake	-	Director (Up to March 2022)
V. G. Chaminda Wickramaratne	-	Director
U. S. K. Denawatte	-	Director
A.R. Wickramasinghe	-	Director (From April 2022)

AUDITORS

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

BANKS

Bank of Ceylon, People's Bank, National Savings Bank

MANAGEMENT COMMITTEE

S.W. Jayasundara	-	General Manager
A.G. De S.Athuraliya	-	DGM (Finance)
S.P. Jayaweera	-	DGM (Production)
P. D. Jayasundera	-	DGM (Engineering)
R. Darmadasa	-	DGM (Planning & Procurement)
R.M.J.C.K. Madawala	-	DGM (Human Resources)
R. M. R. M. Ranasinghe	-	Acting DGM (Formulation cum Research & Development)
H.K. P.A.Senadheera	-	Acting DGM (Quality Control)
D.H.J. Gunawardena	-	Manager (Engineering)
J.M.S. Jayasundera	-	Manager (Finance)
A.C.P. Anandakumara	-	Manager (Planning & Procurement)
A.M.T.P. Kulasekara	-	Manager (Sales Promotion / Marketing)
V.J. Bandarawatte	-	Internal Auditor
A.N. Hewagama	-	Manager (Production)
P. Danthanarayana	-	Manager (Production)
B. V. H. P. S. Kumara	-	Manager (Engineering)
S. Wickramasinghe	-	Manager (Production)
Y. M. P. Kumara	-	Manager (Planning & Procurement)
C. D. Maginaarachchi	-	Manager (Human Resources)
A.P.M. Wickramanayake	-	Manager (Production)
M. Benaragama	-	Manager (Engineering)

ලියාපදිංචි කාර්යාලය

11, සර් ජෝන් කොතලාවල මාවත,
කදවල වත්ත,
රත්මලාන.

දුර : 2635353, 2637574, 2636966,
2636967 (ADSL)
ෆැක්ස් : 2634771, 2626621, 2623553
ඊ - තැපෑල : chairman@spmclanka.lk
වෙබ් අඩවිය : www.spmclanka.lk

සභාපති

දුර : 2623238 (සෘජු)
2635353, 2714771 (පොදු)

කළමනාකාර අධ්‍යක්ෂ

දුර : 2636368 (සෘජු)
2635353, 2637574 (පොදු)

සාමාන්‍යාධිකාරී

දුර : 3153835 (සෘජු)
2635353, 2637574 (පොදු)

නිෂ්පාදන දෙපාර්තමේන්තුව
නියෝජ්‍ය සාමාන්‍යාධිකාරී - නිෂ්පාදන
දුර : 2623521 (සෘජු)

සැලසුම් හා ප්‍රසම්පාදන දෙපාර්තමේන්තුව
නියෝජ්‍ය සාමාන්‍යාධිකාරී
- සැලසුම් හා ප්‍රසම්පාදන
දුර : 2623298 (සෘජු)

කළමනාකාරී - සැලසුම් හා ප්‍රසම්පාදන
දුර : 2637124 (සෘජු)

අලෙවි දෙපාර්තමේන්තුව
අලෙවි කළමනාකාරී
දුර : 3163308 (සෘජු)

තත්ව පාලන දෙපාර්තමේන්තුව
නියෝජ්‍ය සාමාන්‍යාධිකාරී - තත්ව පාලන
දුර : 5012945 (සෘජු)

වට්ටෝරු, පර්යේෂණ හා සංවර්ධන දෙපාර්තමේන්තුව
නියෝජ්‍ය සාමාන්‍යාධිකාරී
- වට්ටෝරු, පර්යේෂණ හා සංවර්ධන
දුර : 5012950 (සෘජු)

මූල්‍ය දෙපාර්තමේන්තුව
නියෝජ්‍ය සාමාන්‍යාධිකාරී - මූල්‍ය
දුර : 2626630 (සෘජු)

මූල්‍ය කළමනාකරු
දුර : 2623276 (සෘජු)

නඩත්තු දෙපාර්තමේන්තුව
නියෝජ්‍ය සාමාන්‍යාධිකාරී - ඉංජිනේරු
දුර : 2623246 (සෘජු)

කළමනාකරු - ඉංජිනේරු
දුර : 2623239 (සෘජු)

අභ්‍යන්තර විගණක දෙපාර්තමේන්තුව
අභ්‍යන්තර විගණක
දුර : 2626619 (සෘජු)

මානව සම්පත් දෙපාර්තමේන්තුව
මානව සම්පත් කළමනාකාරී
දුර : 2636234 (සෘජු)

පතිතුමාගේ සේවකයාණන්

11, සර් ජෝන් කොතලාවල මාවත,
කදවල වත්ත,
රත්මලාන.

දුර : 2635353, 2637574, 2636966, 2636967
(ADSL)
දුර : 2634771, 2626621, 2623553
ඊ - තැපෑල : chairman@spmclanka.lk
වෙබ් අඩවිය : www.spmclanka.lk

තලතුමා

දුර : 2623238 (දිනපත)
2635353, 2714771 (පොදු)

මුද්‍රාපිටු ප්‍රකාශන

දුර : 2636368
2635353, 2637574 (පොදු)

පොදු මුද්‍රාපිටු

දුර : 3153835 (දිනපත)
2635353, 2637574 (පොදු)

නිෂ්පාදන නිලධාරී

නිෂ්පාදන නිලධාරී
දුර : 2623521 (දිනපත)

නිෂ්පාදන, කොන්සල්, ස්පන්දන
නිෂ්පාදන, කොන්සල් පොදු
මුද්‍රාපිටු
දුර : 2623298 (දිනපත)

නිෂ්පාදන, කොන්සල් මුද්‍රාපිටු

දුර : 2637124 (දිනපත)

ස්පන්දන, නිෂ්පාදන
ස්පන්දන, නිෂ්පාදන
දුර : 3163308 (දිනපත)

නිෂ්පාදන, කොන්සල් මුද්‍රාපිටු

දුර : 5012945 (දිනපත)

නිෂ්පාදන, නිෂ්පාදන
නිෂ්පාදන, නිෂ්පාදන
දුර : 5012950 (දිනපත)

නිෂ්පාදන නිලධාරී

නිෂ්පාදන නිලධාරී
දුර : 2626630 (දිනපත)

නිෂ්පාදන නිලධාරී

දුර : 2623276 (දිනපත)

නිෂ්පාදන නිලධාරී

නිෂ්පාදන නිලධාරී
දුර : 2623246 (දිනපත)

නිෂ්පාදන නිලධාරී

දුර : 2623239 (දිනපත)

නිෂ්පාදන නිලධාරී

නිෂ්පාදන නිලධාරී
දුර : 2626619 (දිනපත)

නිෂ්පාදන නිලධාරී

නිෂ්පාදන නිලධාරී
දුර : 2636234 (දිනපත)

Registered Office

11, Sir John Kotelawala Mawatha,
Kandawala Estate,
Rathmalana.

Tel: 2635353, 2637574, 2636966, 2636967(ADSL)
Fax : 2634771, 2626621, 2623553
email : chairman@spmclanka.lk
Web : www.spmclanka.lk

Chairman

Tel : 2623238 (Direct)
2635353, 2714771 (General)

Managing Director

Tel : 2636368 (Direct)
2635353, 2637574 (General)

General Manager

Tel : 3153835 (Direct)
2635353, 2637574 (General)

Production Dept.

DGM Production
Tel : 2623521 (Direct)

Planning & Procurement Dept.

DGM Planning & Procurement
Tel : 2623298 (Direct)

Manager Planning & Procurement

Tel : 2637124 (Direct)

Marketing Dept.

Manager Marketing
Tel : 3163308 (Direct)

Quality Control Dept.

DGM Quality Control
Tel : 5012945 (Direct)

Formulation, Research & Development Dept.

DGM Formulation, Research & Development
Tel : 5012950 (Direct)

Finance Dept.

DGM Finance
Tel : 2626630 (Direct)

Finance Manager

Tel : 2623276 (Direct)

Maintenance Dept.

DGM Engineering
Tel : 2623246 (Direct)

Manager Engineering

Tel : 2623239 (Direct)

Internal Audit Dept.

Internal Auditor
Tel : 2626619 (Direct)

Human Resources Dept.

Manager Human Resources
Tel : 2636234 (Direct)