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இலங்கை அரசு மருந்தாக்கற் கூட்டுத்தாபனம்
**STATE PHARMACEUTICALS
MANUFACTURING CORPORATION
OF SRI LANKA**

2024

වාර්ෂික වාර්තාව
ஆண்டறிக்கை
ANNUAL REPORT



2024 ANNUAL REPORT



Who We Are

State Pharmaceuticals Manufacturing Corporation (SPMC) was a grant aid from the Japanese Government through the Japan International Corporation Agency (JICA) and incorporated in June 1987 under the State Industrial Corporation Act no 49 of 1957 with the commitment to manufacture quality, effective, and safe medicinal drugs at affordable prices to the public of Sri Lanka.



Established in

1987

Output

3,172M+

Tablets & Capsules

342

Employees

01

Only State owned Pharmaceutical
Manufacturing Facility



STATE PHARAMCEUTICALS MANUFACTURING CORPORATION

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Establishment of
SPMC and Key
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ESTABLISHMENT OF SPMC & KEY OBJECTIVES

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

In 2024, State Pharmaceuticals Manufacturing Corporation completed 37 years of commercial production of essential Medicinal Drugs for the Health care of the Sri Lanka population. SPMC product range consists of 97 products of tablets and capsules. Out of this product range 49 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,

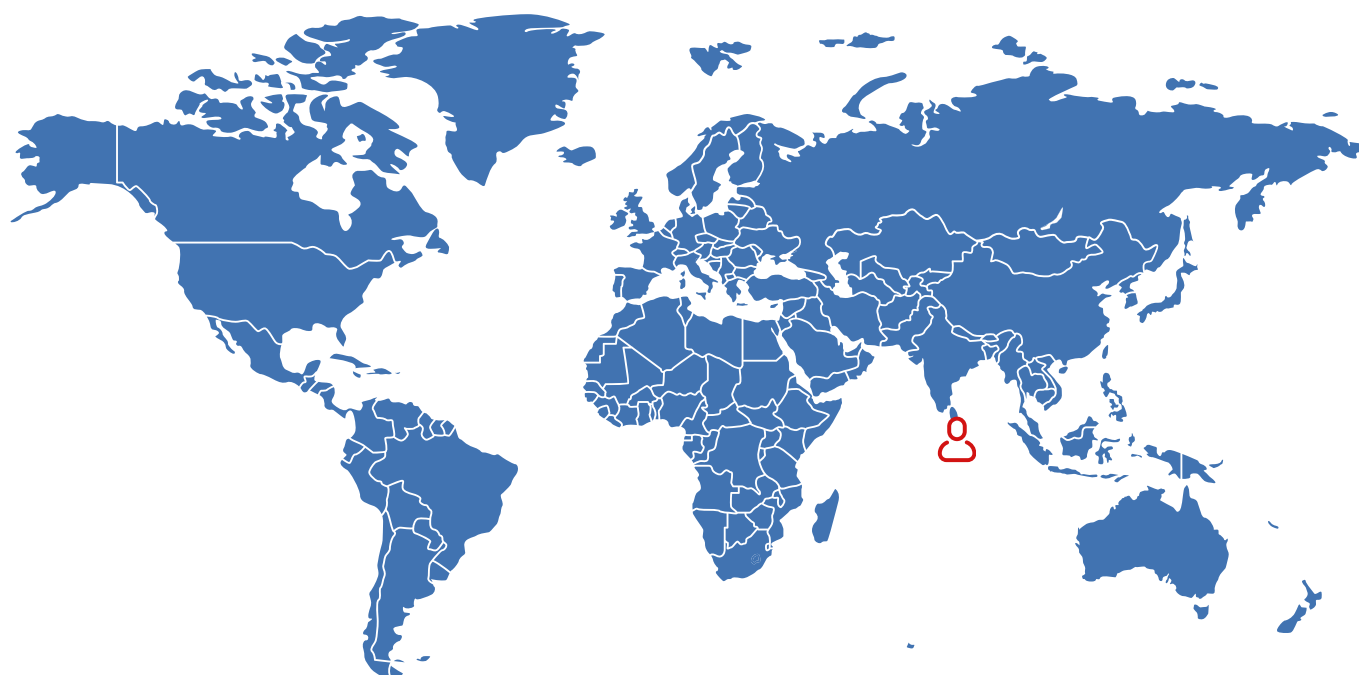
- Either by itself or by entering in to such Joint Venture, Public-Private Partnership or other such agreement to manufacture, process, stock, pack or repack medicine.
- To create subsidiary companies.
- To enter into International Agreement with potential investors.
- To provide technical assistance 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.

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 periodically monitored through internal quality auditing and factory inspection.

HIGH QUALITY PHARMACEUTICALS
LEADING MEDICINE TO KEEP YOU WELL





VISION

“To be internationally recognized, model manufacturing and marketing organization for pharmaceuticals and health care products in South Asia”

MISSION

“To manufacture safe, effective and affordable medicinal drugs of superior quality up to international standards to the local and international markets”

OUR JOURNEY

SPMC has passed several milestones during the last 37 years, striving towards excellence.



FINANCIAL & OPERATIONAL HIGHLIGHTS

	2024 Rs.	2023 Rs.
OPERATING RESULT		
Revenue	28,202,081,820	29,331,718,691
Gross Profit	2,982,333,530	2,949,749,462
Operating Profit	2,501,841,136	1,608,247,748
Finance Income	606,178,870	622,548,970
Profit before Tax	3,083,004,066	2,173,308,106
Tax Expenses	926,973,991	654,752,799
Profit for the Year	2,156,030,075	1,518,555,307
Total Comprehensive Income	2,140,700,000	1,532,049,139
FINANCIAL POSITION		
Inventories	4,112,406,987	3,911,381,606
Cash In Hand & At Bank	782,355	468,896,309
Current Assets	14,490,117,937	12,020,335,476
Total Assets	18,872,311,823	16,517,179,747
Total Equity	13,293,131,956	11,478,973,962
Non-Current Liabilities	349,040,919	374,934,338
Current Liabilities	5,230,138,948	4,663,271,446

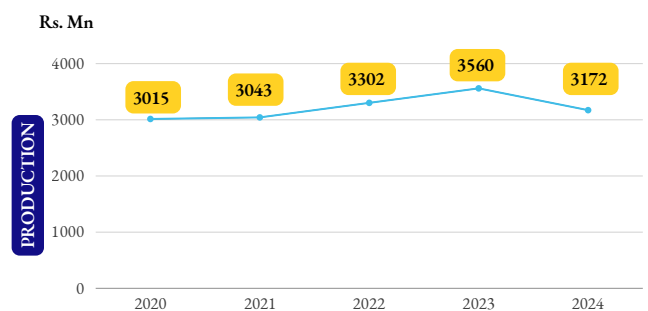
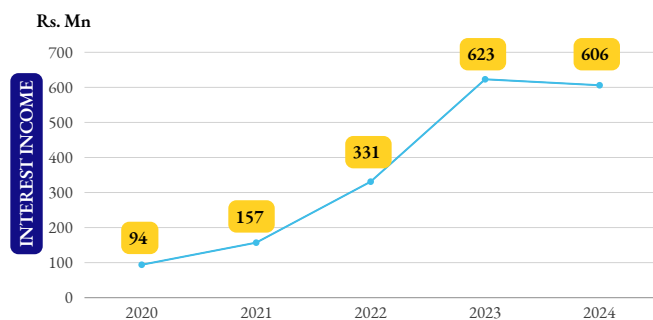
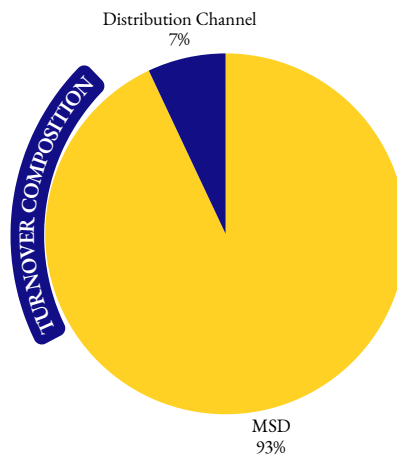
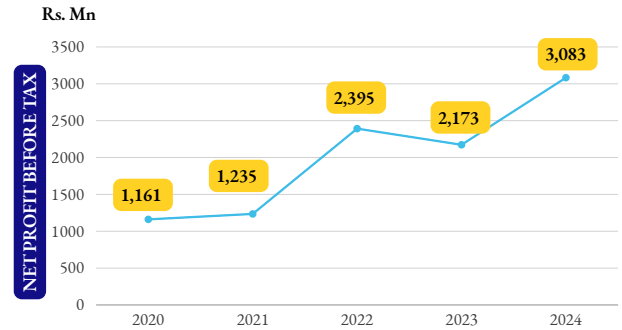
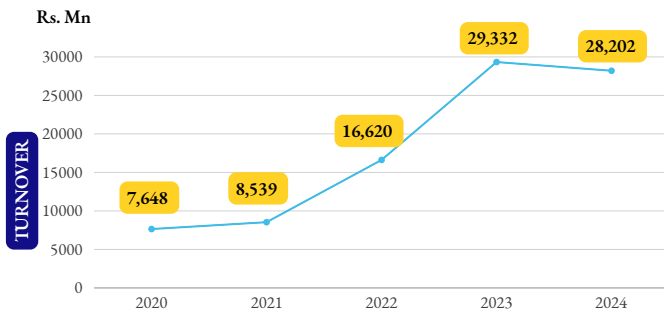

REVENUE
28202 mn

**NET PROFIT
(BEFORE TAX)**
Rs.3083 mn

PRODUCTION
3,172 mn



FINANCIAL & OPERATIONAL HIGHLIGHTS



CHAIRMAN'S REVIEW



Professor Jayantha Wijayabandara

It is with great pleasure that I, on behalf of the Board of Directors, present the Annual Report and Audited Financial Statements for the year ended 31st December 2024. Our unwavering focus on operational excellence has guided every decision, ensuring that SPMC continues to deliver high-quality, affordable medicines reliably and efficiently.

MANUFACTURING PERFORMANCE: RELIABILITY AND CONSISTENCY

In 2024, SPMC produced 3,172.036 million unit dosages—2,680.25 million tablets and 491.79 million capsules—across 49 product lines. Through rigorous adherence to cGMP and optimized scheduling across three production shifts, we maintained steady output to meet national demand. Continuous line-balance improvements and preventive maintenance minimized unplanned downtime, reinforcing our reputation as a dependable supplier.

QUALITY AND COMPLIANCE: STRENGTHENING EVERY PROCESS

Quality remains our cornerstone. This year, we hosted two NMRA inspections (8 Feb and 29 Feb) and six joint-venture audits, all concluding without major observations. Our QMS consultant delivered 34 trainings—including three dedicated sessions on Good Documentation Practices and data integrity—and Quality Management System is being established while expanding the Quality Assurance department. These initiatives have tightened control over in-process checks, reduced deviation rates, and ensured full compliance with WHO-GMP, BP, and USP standards.

MARKET LEADERSHIP AND FINANCIAL STEWARDSHIP

SPMC supplied LKR 26 billion worth of medicines to the Medical Supplies Division and LKR 2 billion to private distributors, preserving an 86% share in the public sector and 14% in private channels. Total revenue for 2024 reached LKR 28.20 billion. Despite market fluctuations, disciplined cost-management and targeted production planning sustained healthy operating margins and fulfilled our mandate without drawing on General Treasury support.

INVESTING IN OUR PEOPLE: SKILLS FOR EXCELLENCE

Our people drive our performance. In 2024, we conducted 61 training events—27 external workshops on topics such as ISO 9001 internal auditing and HPLC/UV spectrophotometry, plus 34 QMS-led sessions—upskilling over 120 staff. We also hosted interns and postgraduate researchers from 15 universities, providing hands-on experience in modern pharmaceutical manufacturing. These efforts contributed to an 87% retention rate and reinforced a culture of continuous learning.

STRATEGIC ALLIANCES: COLLABORATIVE GROWTH

Partnerships amplify our capabilities. Our technology-transfer agreement with SIMPEX Pharma India included multiple site visits and joint development of API synthesis protocols. Six joint-venture inspections validated our shared quality goals and set the stage for future contract-manufacturing opportunities. Such collaborations accelerate our process maturity and strengthen Sri Lanka's position in the regional pharmaceutical landscape.

EMBEDDING SUSTAINABILITY: GREEN OPERATIONS

Operational excellence extends to environmental stewardship. We commenced replacement of a 30-year-old chiller with an energy-efficient system. Our analytical teams processed 5,547 samples—covering finished products, raw materials, packaging materials, stability studies, and environmental monitoring—ensuring that rigorous quality controls coexist with resource-efficient practices.

FUTURE FOCUS: ROADMAP FOR ENHANCED EXCELLENCE

Building on 2024's solid foundations, we will:

- Deploy predictive-maintenance analytics on all critical equipment
- Expand supply-chain traceability using advanced serialization and blockchain pilots
- Integrate process-analytical technologies to further shorten batch-release cycles
- Pursue ISO 45001 certification to elevate workplace safety
- Achieve a 10% reduction in cycle-time variability through lean process improvements

By harnessing data-driven decision-making and empowering cross-functional teams, SPMC will continue to set new benchmarks in reliability, quality, and cost-effectiveness.

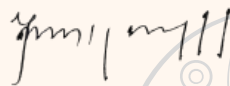
ACKNOWLEDGEMENT

On behalf of the Board of Directors, I thank His Excellency the President of the Democratic Socialist Republic of Sri Lanka Honourable Anura Kumara Disanayake, for their continued dedication to the progress of the Pharmaceutical Industry in Sri Lanka. I also extend my appreciation to the Hon. Minister Dr. Nalinda Jayatissa and Hon. Deputy Minister Dr. Hansaka Wijemuni of Health and Mass Media for their valuable guidance and support. We also value the guidance provided by the Secretary of the Ministry of Health Dr. Anil Jasinghe, Dr. P.G. Maheepala and other officials of the Ministry of Health and Mass Media. We also appreciate the contribution made by the secretary of Finance Ministry 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 2024 is greatly appreciated.

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



Professor Jayantha Wijayabandara
Chairman
State Pharmaceuticals Manufacturing Corporation
23rd July 2025

MESSAGE FROM GENERAL MANAGER



The State Pharmaceuticals Manufacturing Corporation (SPMC) proudly marks 37 years of uninterrupted service in the production of high-quality drugs, adhering to the WHO GMP standards. Over the decades, SPMC has solidified its position as a leader in Sri Lanka's pharmaceutical sector, demonstrating consistent growth and innovation. As the only state-owned entity engaged in pharmaceutical manufacturing, SPMC has played a pivotal role in ensuring the availability of affordable, high-quality medicines to the nation. Currently, the corporation manufactures a wide range of drugs under generic names, spanning various pharmacological categories, to meet the diverse healthcare needs of the people of Sri Lanka.

During the year 2024, the Corporation achieved financial and operational milestones. SPMC recorded a net profit before tax of Rs. 3,083 million, reflecting its strong financial performance and efficient management. Production output reached 3,172 million units of tablets and capsules, showcasing the Corporation's ability to scale operations while maintaining quality. Additionally, SPMC achieved turnover of Rs. 28,202 million, further cementing its position as a key player in the pharmaceutical industry.

SPMC has embarked on several capacity expansion and modernization projects. One of the most significant initiatives is the Penicillin Expansion Project, which aims to enhance the production capacity of essential antibiotics. Looking ahead, SPMC has outlined ambitious plans for further expansion and development. A state-of-the-art New Laboratory Facility is in the pipeline, designed to elevate the quality control and research capabilities of the corporation.

This facility will enable SPMC to conduct advanced testing, ensure compliance with international quality standards, and accelerate the development of new formulations. Additionally, the corporation is investing in a Quality Management System to streamline processes, improve efficiency, and uphold the highest standards of pharmaceutical manufacturing.


Asanthie Athuraliya
General Manager

NEW BOARD OF DIRECTORS



Professor Jayantha Wijayabandara
Chairman/Director



Mr. R.A. Susantha Kumara Ranasinghe
Director



Mr. A. Milton Amarasinghe
Director



Mr. R. M. Upul Chandranath
Director

NEW BOARD OF DIRECTORS



Mr.D.D. Wanniarachchi
Director



Dr.N.R.K.Vidanage
Director



Mr.J.D.K.G. Kotuwegedara
Director

PREVIOUS BOARD OF DIRECTORS



Dr. P.P.G.P.U. Indrawansa
Chairman/Director
Up to September 2024



Dr. Bandula Chandranath Wijesiriwardena
Director
Up to December 2024



Ms. A.R. Wickramasinghe
Director
Up to December 2024



Ms. U.S.K. Denawatta
Director
Up to December 2024

PREVIOUS BOARD OF DIRECTORS



Mr.V.G.Chaminda Wickramaratne
Director
Up to December 2024

NEW BOARD OF DIRECTORS

Professor Jayantha Wijayabandara
Chairman

Leading Sri Lanka's Pharmaceutical Innovation and Education

Professor Jayantha Wijayabandara stands at the forefront of Sri Lanka's pharmaceutical sector, combining distinguished academic leadership with transformative industry experience. As Chairman of the State Pharmaceuticals Manufacturing Corporation of Sri Lanka and Professor in Pharmacy and Pharmaceutical Sciences at the University of Sri Jayewardenepura, he bridges the critical gap between pharmaceutical research, education, and practical application in healthcare delivery.

Academic Excellence and International Recognition

Professor Wijayabandara's academic credentials reflect both depth and international scope. He earned his B.Sc. (Special) Degree in Chemistry in 1986 and completed his Ph.D. in Medicinal Chemistry in 1994 from the University of Sri Jayewardenepura through a prestigious collaborative research program with the Faculty of Pharmacy at State University of Utrecht, The Netherlands. This early international exposure shaped his commitment to global best practices in pharmaceutical education and research.

His influence extends beyond Sri Lanka's borders through his appointment as Visiting Professor to the School of Pharmacy at Hunan University of Chinese Medicine in China, where he contributes to advancing pharmaceutical sciences education and fostering international academic collaboration.

Pioneering Pharmaceutical Education in Sri Lanka

Professor Wijayabandara's most significant contribution to Sri Lanka's healthcare landscape lies in his role as an educational innovator. During his tenure as Senior Lecturer in Pharmacy at the Faculty of Medicine, University of Colombo (2000–2011), he spearheaded the development and establishment of Sri Lanka's first-ever Pharmacy Degree program, the B.Sc. (Special) Degree in Pharmacy.

This groundbreaking initiative transformed pharmaceutical education in the country and established the foundation for modern pharmacy practice.

Building on this success, he continued his educational leadership at the University of Sri Jayewardenepura, where he served as the Founder Head of the Department of Pharmacy and Pharmaceutical Sciences and played an instrumental role in establishing the Bachelor of Pharmacy degree program. These achievements represent a fundamental shift in how pharmaceutical professionals are trained in Sri Lanka, elevating standards to meet international benchmarks.

Industry Leadership and Quality Assurance Excellence

Professor Wijayabandara's practical expertise in pharmaceutical quality control and quality assurance began with his role as Founder Manager of the Drug Quality Assurance and Research Laboratory at the State Pharmaceuticals Corporation (1997–2000). This foundational experience in ensuring pharmaceutical quality and safety standards continues to inform his current leadership role as Chairman of the State Pharmaceuticals Manufacturing Corporation.

His commitment to preserving and advancing traditional medical knowledge is evident in his service as Director of the Bandaranaike Memorial Ayurvedic Research Institute and his leadership of the National Project on Conservation of Traditional Medical Knowledge (2017–2018) within the Ministry of Health. These roles demonstrate his understanding of the importance of integrating traditional wisdom with modern pharmaceutical science.

NEW BOARD OF DIRECTORS

Research Impact and International Collaboration

Professor Wijayabandara's research portfolio encompasses over 40 published research articles and three patents, reflecting his commitment to advancing pharmaceutical science through rigorous investigation and innovation. His expertise spans pharmacy education, new drug discovery research based on traditional medicines, and pharmaceutical quality control and quality assurance, making him a versatile contributor to multiple aspects of pharmaceutical development.

His international research experience includes visiting scientist positions in Pakistan and China, reinforcing his commitment to global collaboration in pharmaceutical research. This international perspective enriches his contributions to both academic and industry settings in Sri Lanka.

Professional Recognition and Leadership

Recognition of Professor Wijayabandara's contributions extends throughout the international pharmaceutical community. His Fellowship in the Asian Society of Pharmacognosy and membership in several international scientific associations underscore his standing as a respected authority in pharmaceutical sciences.

Through his multifaceted career, Professor Wijayabandara exemplifies the integration of academic excellence, industry leadership, and public service commitment that drives meaningful advancement in pharmaceutical sciences and healthcare delivery. His work continues to shape the future of pharmaceutical education and practice in Sri Lanka while contributing to global pharmaceutical knowledge and standards.

Mr. R.A. Susantha Kumara Ranasinghe **Director**

Mr. Ranasinghe serves as a Director of the Department of Public Enterprises, Ministry of Finance where he has been actively engaging with oversight of major State-Owned Enterprises including State Banks and counts over 23 years of experience in the Public Sector. He has served as a Board Member at various State-Owned Enterprises including Nevil Fernando Teaching Hospital, Vehicle Emission Trust Fund, Litro Gas Lanka Ltd, Elkaduwa Plantations Ltd and in many other committees as well. He currently serves as a Board member of State Pharmaceuticals Manufacturing Corporation, Kalubowitiyana Tea Factory Ltd and Sri Lanka Rupavahini Corporation.

He has a bachelor's degree in Commerce from the University of Colombo and has earned a Master of Science Degree in Economics and Development Policy from the University of Hiroshima, Japan and Master of Business Administration Degree from the University of Rajarata, Mihintale. He is an associate member of the Institute of Chartered Accountants of Sri Lanka. He is also a Chartered Public Finance Accountant (CPFA) in the Institute of Chartered Accountants of Sri Lanka and Member of Chartered Institute of Public Finance & Accountancy, London. In addition, he has completed a Diploma in Public Procurement and Contract Administration from the Miloda-Academy of Financial Studies, Colombo.

He has gained foreign trainings and exposures in related to Accounting, Auditing, Financial Management, and Procurement Management & Risk Management from reputed international Institutions/Universities.

NEW BOARD OF DIRECTORS

Mr. A. Milton Amarasinghe

Director

Mr. A. M. Amarasinghe has served as an Assistant Assessor of the Department of Inland Revenue (1970), An Assistant Director Ministry of Planning & Implementation (1978 - 1979) and the Assistant Government Agent of the Ministry of Home Affairs (1979 - 1988). He has held the positions of Deputy Secretary, Secretary to the Provincial Council-Sabaragamuwa and the Senior Assistant Secretary to the Ministry of Education & Higher Education from 1990 to 1995.

Further he has served as a Director to the Mahaweli Authority (1995) and Managing Director to the Mahaweli Authority (1995-1999) as well as Director General to the Department of Sports Developments (1999-2006)

A. M. Amarasinghe has act as the General Manager to the BPO Services (Pvt) Ltd (2006-2009), Executive Director to the Consumer Affairs Authority (2010-2015), Chairman to the National Institutes of Plantation Management (2015) and Advisor to the Ministry of Sports (2017-2018).

He holds the Bachelor of Art (Honors) in Economics in Vidyodaya University of Sri Lanka and the Master of Science -in Rural & Regional Development Planning in Asian Institute of Technology (Bangkok – Thailand).

Mr. R. M. Upul Chandranath

Director

Mr. R. M. Upul Chandranath current serves as a Senior Accountant of the Coconut Research Board, Lunuwila from June 2015 June. He has served as an Executive Finance Controller (Assistant Team Leader) of the Ma's Tropical Food Processing (Pvt) Ltd in Dambulla from 2000 August to 2002 January and the Accountant of Coconut Research Board, Lunuwila from 2002 January to 2015 June.

He holds the certificate of Chartered Public Finance Accountant (CPFA), Association of Public Finance Accountants (APFA) of Sri Lanka, Public Sector Wing - CA Sri Lanka (2017) and the certificate of Chartered Institute of Public Finance and Accountancy (CIPFA), London (2018).

As well as Mr. R. M. Upul Chandranath holds the Master of Business Administration (MBA), University of Wayamba (2013/2014) and Bachelor of Science Management Public Special Degree, University of Sri Jayawardenepura (1994/97).

Mr.D. D. Wanniarachchi

Director

Mr. D. D. Wanniarachchi is an accomplished legal professional currently serving as an Attorney-at-Law practicing in the Supreme Court of Sri Lanka. With a strong foundation in legal education and professional ethics, he brings a wealth of experience and legal insight to the governance of public institutions.

He obtained his Bachelor of Laws degree in 2008 from the Open University of Sri Lanka and has since built a reputable career in the legal field.

Mr. Wanniarachchi was appointed to the Board of Directors of the State Pharmaceuticals Manufacturing Corporation (SPMC) In January 2025.

NEW BOARD OF DIRECTORS

Dr. N.R.K Vidanage

Director

Dr. N R K Vidanage is a distinguished medical professional with extensive experience in the field of mental health. He currently serves as a Mental Health Physician at the Colombo East Base Hospital, Mulleriyawa, where he has been instrumental in delivering specialized psychiatric care and advancing mental health services in the region.

Dr. Vidanage holds a Bachelor of Medicine and Bachelor of Surgery (MBBS) from Sri Lanka, and a Postgraduate Diploma in Psychiatry from the University of Colombo. Further enhancing his expertise in holistic mental health care, he has also obtained a National Diploma in Mindfulness from Thailand.

Dr. Vidanage was appointed to the Board of Directors of the State Pharmaceuticals Manufacturing Corporation (SPMC) In January 2025.

Mr. J.D.K.G. Kotuwegedara

Director

Mr. J.D.K.G. Kotuwegedara is an Innovative pharmacist with over 25 years of experience in pharmaceutical research, development, and manufacturing, specializing in dermatology. He holds an internationally recognized patent for an emollient addressing dry skin conditions, with strong commercialization potential. He has received global awards, including Gold Medal from Korea Silver Medals from ICAN Canada and World Invention Expo Indonesia.

Mr. J.D.K.G. Kotuwegedara currently act as Liaison Pharmacist for Medical Safety, Lady Ridgeway Hospital for Children under the Ministry of Health, Sri Lanka. He has act as a Healthcare Quality & Safety Master Trainer of Ministry of Health.

He holds the Master of Business Administration (MBA), Asia e University, Malaysia (2025), Bachelor of Pharmacy (B. Pharm), Lincoln University, Malaysia (2023) and reading for M.Pharm.

PREVIOUS BOARD OF DIRECTORS

Dr. Uthpala Indrawansa

Chairman

(Up to September 2024)

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 them in the same period. He has attached to the Accident Service in National Hospital, Orthopedic unit from 2009. He served in the position in Chairman to the State Pharmaceuticals Manufacturing Corporation of Sri Lanka from December 2019 to September 2024

Dr. Bandula Chandranath Wijesiriwardena

Director

(Up to December 2024)

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.

Ms. A.R. Wickramasinghe

Director

(Up to December 2024)

Ms. A.R. Wickramasinghe was appointed to the Board of Directors of SPMC in April 2022 and she has more than 18 years' experiences in Public & Private sector organizations in the capacity of a Senior Manager, Director & Board member.

Ms. A.R. Wickramasinghe currently serves as a Director to the Department of Public Enterprises (PED), Ministry of Finance / Treasury as well as she acts as a Board Member of Colombo Lotus Tower (Pvt) Ltd. She has act as a Board Member of Kahatagaha Graphite Lanka Limited (KGLL), BCC (Lanka) Ltd, Sri Lanka State Plantation Corporation (SLSPC) and National Water Supply & Drainage Board (NWSDB). 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 and Associated Chartered Management Accountant (ACMA – UK).

PREVIOUS BOARD OF DIRECTORS

Ms. U.S.K. Denawatta

Director

(Up to December 2024)

Ms. U.S.K. Denawatta served 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 (Janadiyaya) 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).

Mr.V.G.Chaminda Wickramaratne

Director

(Up to December 2024)

Mr. V.G. Chaminda Wickramaratne served as the Director to Board of State Pharmaceuticals Manufacturing Corporation since January 2020 and he has over 20 years' 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 to this he is a member of the National Railway Museum Committee.



"The guiding team of the SPMC, steering it with vision, integrity, and collective wisdom towards sustainable success."

BOARD OF DIRECTORS



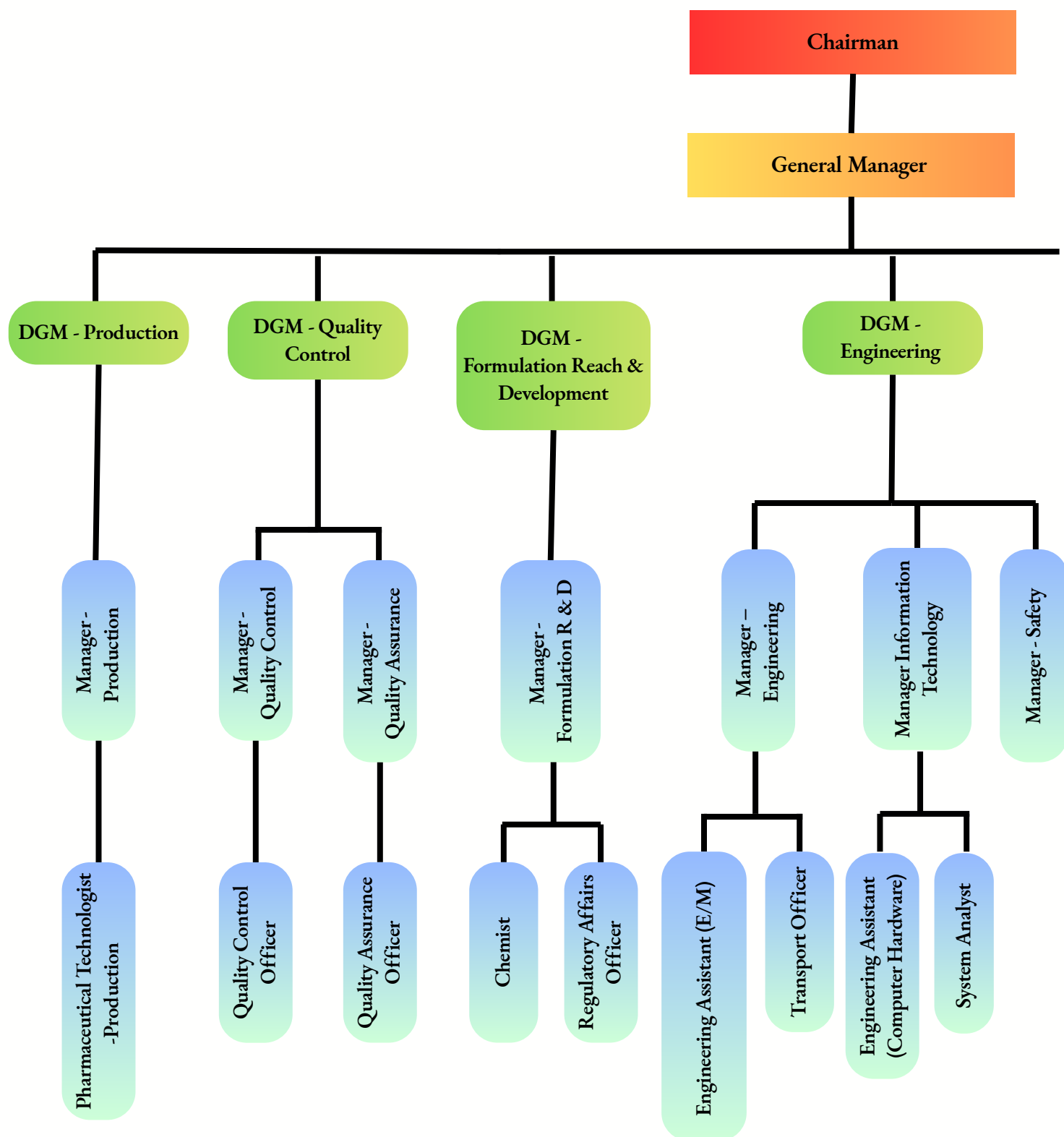
Late Professor Senaka Bibile



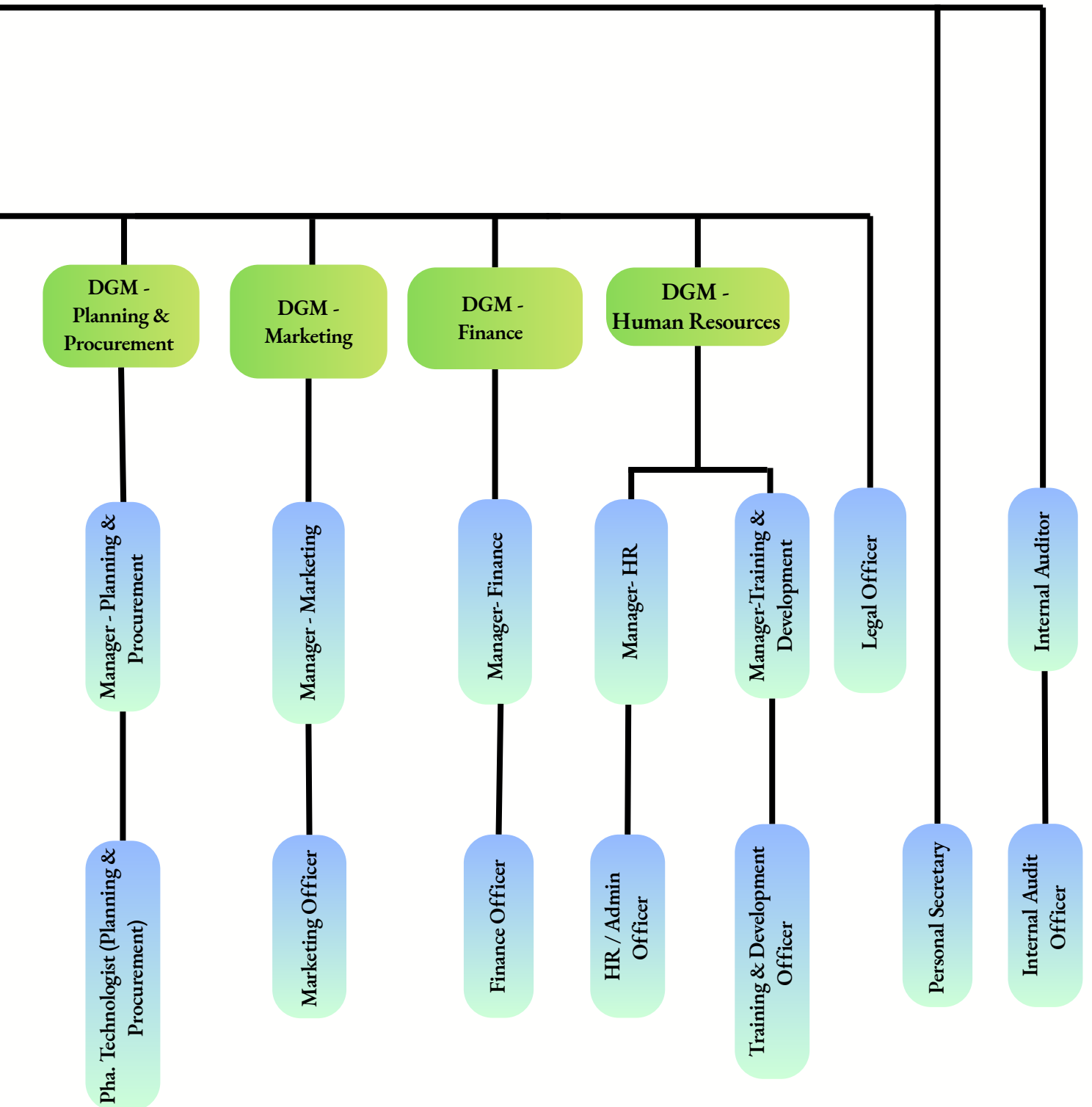
PROFESSOR SENAKA BIBILE BORN ON 13TH FEBRUARY 1920 WAS A RENOWNED PHARMACOLOGIST WHO WAS HAILED AS THE GREATEST MEDICAL BENEFACITOR OF HUMANITY THAT SRI LANKA HAS HITHERTO PRODUCED.



ORGANIZATIONAL



STRUCTURE



MANAGEMENT

From Left 02nd Row

A.C.P. Anandakumara
Manager (Planning &
Procurement)

M. Vithushan
Manager (Quality Control)

B. V. H. P. S. Kumara
Manager (Engineering)

A.T.M. Jayasekara
Manager (Production)

Bharatha Hennayaka
Manager
(Formulation cum Research & Development)

V.J. Bandarawatte
Internal Auditor

R.O.N. Dissanayake
Manager (Engineering)

From Left 01st Row

A.M.T.P. Kulasekara
DGM (Sales Promotion / Marketing)

C. D. Maginaarachchi
Acting DGM (Human Resources)

R. M. R. M. Ranasinghe
Acting DGM (Formulation cum Research &
Development)

A.G. De S.Athuraliya
General Manager



OF SPMC

From Left 02nd Row

M. Benaragama
Manager (Engineering)

S. Chandrawimal
Manager (Quality Control)

Y M P Kumara
Manager (Planning & Procurement)

M.R. Hettiarachchi
Manager (Production)

Samantha Wickramasinghe
Manager (Production)

Pubuduni Dantanarayana
Manager (Production)

From Left 01st Row

Proffesor Jayantha Wijayabandara
Chairman

S. P . Jayaweera
DGM (Production)

P. D. Jayasundera
DGM (Engineering)

J.M.S. Jayasundera
Acting DGM (Finance)



DIRECTORS' REPORT

The Directors have pleasure in forwarding their Report and Audited Accounts for the year ended 31st December 2024. The Accounts are set out on pages 38-76.

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 Agreement 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 2024 is set out in the Statement of Financial Position on page 39.

TURNOVER AND OUTCOME

The Turnover, outcome for the year and the changes in the equity are set out in the Income Statement on page 38 and the statement of changes in equity on page 40 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 65.

DIVIDEND / CONTRIBUTION

The Directors recommended and made a payment of Rs. 300,000,000 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 40 in the financial statements.

NEW BOARD OF DIRECTORS

New Board consists of seven directors, who were appointed by the Minister of Health and Mass Media. One of the directors serves as the representative of the Ministry of Finance. The new chairman was appointed in September 2024, and the other directors were appointed starting from January 2025.

Professor Jayantha Wijayabandara	-Chairman
Mr. R A S K Ranasinghe	-Director
Mr. J D K G Kotuwegedara	-Director
Dr. N R K Vidanage	-Director
Mr. D D Wanniarachchi	-Director
Mr. A A M Amarasinghe	-Director
Mr. R M U Chandranath	-Director

DIRECTORS' REPORT

PREVIOUS BOARD OF DIRECTORS

Previous board members were appointed in January 2020. In the year 2024, the Board of Directors hold eight meetings. The Chairman and the Board of Directors took the responsibility for the affairs of the Corporation for the related period.

Dr.P.P.G.P.U.Indrawansa (Up to September 2024)	- Chairman
Dr. Bandula Chandranath Wijesiriwardena (Up to December 2024)	-Director
V. G. Chaminda Wickramaratne (Up to December 2024)	-Director
Ms. U. S. K. Denawatte (Up to December 2024)	-Director
Ms. A.R. Wickramasinghe (Up to December 2024)	-Director

ACCOUNTING POLICIES

The principal accounting policies of the Corporation are set out on pages 43-55

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

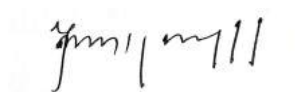
No events have occurred since the balance sheet date, which would require adjustments to, or disclosure in, the financial statements.

GOING CONCERN

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

APPOINTMENT OF AUDITORS

In terms of the provision of the Finance Act 1971, the Auditor General is the Auditor of the Corporation and has carried out his annual audit of the financial activities of the Corporation for the year ended 31st December 2024.



Professor Jayantha Wijayabandara
Chairman

State Pharmaceuticals Manufacturing Corporation
28th February 2025

REPORT OF THE AUDIT COMMITTEE - 2024

ROLE OF THE AUDIT COMMITTEE

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 above guideline, AC was guided by the 'Audit Committee Charter' of SPMC which was approved by the Board of Directors on 01.12.2022.

Accordingly, 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, Reporting on related party transactions of Board members and key management personnel.

COMMITTEE COMPOSITION DURING 2024

The AC comprised three non - executive directors of the Corporation and chaired by the Director representing the General Treasury during the year.

A R Wickramasinghe – Chairperson	Director - SPMC / Director (Acting)- Department of Public Enterprises of Ministry of Finance
V G C Wickramaratna – Member	Director - SPMC
U S K Denawatta – Member	Director - SPMC/ Additional Secretary (Indigenous Medicine Sector) Ministry of Health

Pursuant to the reconstitution of the Board in January 2025, the following Directors constituted the Audit Committee with effect from 28th January 2025.

Mr. R A S K Ranasinghe – Chairperson	Director - SPMC / Director - Department of Public Enterprises of Ministry of Finance, Planning & Economic Development
Mr. A A M Amarasinghe – Member	Director - SPMC
Mr. D D Wanniarachchi – Member	Director - SPMC

REGULAR PARTICIPANTS

PARTICIPANTS AS OBSERVERS

K K S Jayakody	The Assistant Auditor General of the National Audit Office
R M S Wasantha	The Chief Internal Auditor of Health Ministry (Up to 20.02.2024)
D N R N Pemathunga	The Chief Internal Auditor (Medical Supplies Division) of Health Ministry (From 21.05.2024)
G L M P De Silva	The Audit Superintendent of National Audit Office

PARTICIPANTS ON INVITATION

Dr. Uthpala Indrawansha	Chairman – SPMC
A G D S Athuraliya	General Manager – SPMC

REPORT OF THE AUDIT COMMITTEE - 2024

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

The Internal Auditor of SPMC & Internal Audit Officers participated the AC meetings.

AREAS OF FOCUSED & ACTIVITIES

INTERNAL AUDIT REPORTS & INTERNAL CONTROL SYSTEM

- Reviewed the independence, objectivity, and performance of the internal audit function as well as the adequacy of the Department's resources.
- Approved the Internal Audit Plan and reviewed the effectiveness of the implementation of the Plan throughout the year.
- Monitored the progress of AC to improve Internal Control Monitoring Process.
- Reviewed eight (08) internal audit reports, covering the deficiencies and audit recommendations in the areas of payments, cash handling, procurement, raw materials and finished goods stocks, employees' salaries, application of accounting standards, trade debtors, and considered the follow up actions taken by the management to overcome the deficiencies highlighted.
- Considered the adequacy and effectiveness of fourteen (14) internal control systems in the areas of inventories, payments, cash handling, trade debtors, procurement & employees' salaries, and made appropriate recommendations.
- Considered the ten (10) issues in previous internal audit reports issued regarding inventories & payroll and paid due attention to follow up actions taken by the management to rectify them.

- Paid attention to the importance of the interrelationship between all departments with regard to sharing of required information & made suitable recommendations.
- Paid attention to the accuracy of information generated by the Enterprise Resource Planning (ERP) system in the areas of finished goods, raw materials and cheque payments

EXTERNAL AUDIT REPORTS

The external audit of the corporation is carried out by the Auditor General in terms of the Constitution of the country.

- Considered the two (02) unsolved issues in the draft Auditor General's (AG's) reports for the years 2019 and 2020 and paid attention on follow up actions taken by the management to rectify the deficiencies in relation to construction contracts & disposal of unusable fixed assets.
- Considered the ten (10) issues in relation to non compliances with laws, rules & regulations in the draft AG's report for the year 2022 and paid attention on the follow up actions taken by the management to rectify the deficiencies in relation to employee recruitments, payment of employee loans, gratuity and other remunerations relating to transport, attendance, employee work shift, leave balance and made appropriate recommendations on highly judgmental areas.
- Reviewed the AG's report for the year 2023 and paid attention on the sixteen (16) new issues that were not mentioned in the previous AG's report 2022 including deficiencies in relation to legal & regulatory requirements, raw material procurements, drugs manufacturing & supplying, installation of cooling system & joint ventures (JV) transactions and made appropriate recommendations.

REPORT OF THE AUDIT COMMITTEE - 2024

FINANCIAL REPORTING

- Reviewed the Annual Report for the year 2023, and following instructions were made,
 1. Include income tax figure to the 'Value Added Statement'
 2. Mention the corporate social responsibility (CSR) projects done by SPMC
 3. Correct the printing mistakes in the 'Audit Committee Report - 2023'
- Reviewed the draft financial statements for the year 2023 and recommended to submit it to board of directors meeting.
- Paid attention to the long outstanding balance from State Pharmaceuticals Corporation (SPC) & recommend to make a provision for doubtful debts in order to comply with Accounting Standards.
- Paid attention to the outstanding balance to SPMC by Medical Supplies Division and made follow up actions.

AUDIT COMMITTEE MEETINGS HELD

AC should meet at least once in three (03) months.

During the financial year, only three (03) AC meetings were held. Since a new board of directors was not appointed after the presidential election in October 2024, it was not possible to hold an AC meeting for the last quarter in the year.

ATTENDANCE DETAILS DURING THE YEAR 2024

Name of the member	Meeting dates			Participated Meetings
	20.02.2024	21.05.2024	04.09.2024	
A R Wickramasinghe	X	X	X	3 out of 3
V G C Wickramarathna	X	X	X	3 out of 3
U S K Denawatta	X	X	X	3 out of 3

WAY FORWARD

The Audit Committee will foster a positive and effective internal control environment by committing to achieve the objectives set out in the Audit Committee Charter during 2024 and beyond.

On behalf of the Audit Committee.



Mr. R A S K Ranasinghe
Chairperson – Audit Committee
19.05.2025

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 seven Non-Executive Director including the Chairman, and six other 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, three Audit Committee meetings were held.

Audit committee report is set out in page 24.

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.

CORPORATE GOVERNANCE REPORT

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 and Mass Media & Finance Ministry.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

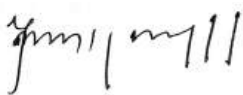
The responsibilities of directors, in relation to the financial statements, differ from responsibilities of the Auditors, which are set out in the Report of the Auditor General on pages 77-89.

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 77-89 of this report.



Professor Jayantha Wijayabandara

Chairman

State Pharmaceuticals Manufacturing Corporation

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 PURPOSES OF RISK MANAGEMENT ARE

- Guarantee a long – lasting existence of the 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 materiel 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 and 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 rates directly affects the pricing of products. Management of SPMC had a pricing committee meeting to overcome these 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.

HUMAN RESOURCE RISK

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



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.

NO POVERTY



Corporation has paid Rs. 723 million as employee cost to upgrade their livelihoods to 342 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.

GOOD HEALTH & WELLBEING



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.

GENDER EQUALITY



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 all the statutory and other requirements.

DIRECT WORK AND ECONOMIC GROWTH



The Corporation has contributed Rs.1,257 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 2024.

SUSTAINABLE DEVELOPMENT GOALS

INDUSTRY & INNOVATION INFRASTRUCTURE



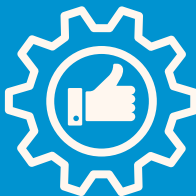
SPMC has planned to establish new plant for manufacturing of oral solid dosage (OSD) oncology drugs and orthopedic equipment at Horana – Millewa.

REDUCED INEQUALITIES



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

RESPONSIBLE CONSUMPTION AND PRODUCTION



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. Pharmaceutical waste is disposed based on the internationally accepted methodologies and complying with those laws and regulations.

CLIMATE ACTION



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.

PRODUCTS MANUFACTURED BY SPMC IN 2024

Item Wise Product Quantity in Million (Units of Tablets / Capsules)			
Products	Quantity (Mn)	Products	Quantity (Mn)
Amoxicillin Capsules BP 250mg	113.30	Gabapentin Capsules USP 300mg	10.20
Amoxicillin Capsules BP 500mg	39.22	Gliclazide Tablets BP 40mg	318.00
Amoxicillin Tablets USP 125mg	5.25	Gliclazide Tablets BP 80mg	314.00
Ascorbic Acid Tablets BP 100mg	35.10	Indometacin Capsules 25mg	4.90
Atorvastatin Tablets IP 10mg	343.52	Levothyroxine Tablets IP 50mcg	75.74
Benzhexol Tablets BP 2mg	58.00	Losartan Potassium Tablets 50mg	291.20
Bisoprolol Tablets BP 5 mg	6.75	Mebendazole Tablets USP 100mg	14.00
Carbamazepine Tablets BP 200mg	49.00	Mefanamic Acid Tablets BP 500mg	1.35
Cetirizine Tablets BP 10 mg	10.40	Metformin Tablets BP 500mg	9.28
Ciprofloxacin Tablets 250mg	2.40	Metronidazole Tablets BP 200mg	18.90
Clarithromycin Tablets 250mg	10.20	Omeprazole Capsules IP 20 mg	249.98
Clarithromycin Tablets 500mg	1.92	Paracetamol Tablets BP 500mg	194.02
Cloxacillin Capsules BP 250mg	13.30	Phenoxymethylpenicillin Tablets BP 250mg	16.73
Cloxacillin Capsules BP 500mg	10.86	Prednisolone Tablets BP 5mg	196.00
Co-Trimoxazole Tablets BP (Adult)	5.25	Propranolol Tablets BP 40mg	18.00
Diclofenac Sodium DR Tablets USP 50mg	23.40	Rosuvastatin Tablets IP 10 mg	3.20
Diethylcarbamazine Tablets BP 50mg	8.10	Salbutamol Tablets BP 2mg	232.80
Diltiazem HCL Tablets 30 mg	64.50	Spironolactone Tablets USP 25mg	36.90
Diltiazem HCL Tablets 60 mg	54.25	Theophylline E/R Tablets USP 125mg	4.20
Domperidone Tablets 10mg	58.80	Tramadol Capsules IP 50mg	5.25
Enalapril Maleate Tablets USP 5mg	33.60	Trifluoperazine HCl Tablets BP 5mg	9.00
Famotidine Tablets BP 20mg	90.45	Verapamil Tablets 40mg BP	29.70
Flucloxacillin Capsule BP 250mg	17.10	Vitamin B Complex Tablets CHF	19.60
Flucloxacillin Capsule BP 500mg	22.43		
Folic Acid Tablets BP 1mg	10.00		
Frusemide Tablets BP 40mg	12.00		



SPMC JOINT VENTURES



JOINT VENTURE PRODUCTS

Acetaminophen Suppositories USP 125mg	Calcitriol Softgel Capsules 0.25mcg
Acetaminophen Suppositories USP 250mg	Calcium Carbonate Tablet 1250mg
Acetaminophen Suppositories USP 500mg	Calcium Carbonate - Chewable Tablets BP 500mg
Acetazolamide Tablets BP 250mg	Calcium Gluconate Injection USP 10% w/v, 10ml
Aciclovir Tablets BP 200mg	Calcium Lactate Tablets BP 300mg
Aciclovir Tablets BP 800mg	Captopril Tablets 12.5mg
Alfacalcidol Softgelatin Capsules 0.25mcg	Carvedilol Tablets USP 3.125mg
Amantadine HCl Capsules USP 100mg	Carvedilol Tablets USP 6.25mg
Amiodarone Tablets BP 100mg	Carvedilol Tablets USP 12.5mg
Amisulpride Tablets BP 200mg	Cetirizine Hydrochloride BP 10mg
Amlodipine Besylate Tablets USP 2.5mg	Cetirizine Oral Solution BP 5mg/5ml
Aripiprazole Tablets USP 10mg	Chlorphenamine Injection BP 10mg/ml, 1ml Ampoule
Ascorbic Acid Tablets BP 100mg	Chlorpheniramine Oral Solution USP 2mg/5ml
Aspirin - Gastro Resistant Tablets USP 75mg	Chlorpromazine Tablets BP 50mg
Atorvastatin Tab 10mg	Ciprofloxacin Intravenous Infusion BP 0.2% w/v, 100ml
Atorvastatin Tab 20mg	Clindamycin Capsules BP 150mg
Atorvastatin Tablets 40mg	Clindamycin Capsules BP 300mg
Atorvastatin Tablets IP 10mg	Clomipramine Tablets 50mg
Atorvastatin Tablets IP 20mg	Clopidogrel Tablets USP 75mg
Baclofen Tablets 5mg	Clotrimazole Cream BP 1%
Baclofen Tablets BP 10mg	Clozapine Tablets USP 100mg
Betamethasone Valerate Cream USP 0.1%	Colecalciferol Tablets BP 400 IU
Betamethasone Valerate Ointment USP 0.1%	Colecalciferol Capsules 1000 IU
Bisacodyl Suppositories USP 10mg	Compound Sodium Lactate Intravenous Infusion BP 500ml
Bisacodyl Tablets BP 10mg	Cotton Crape Bandage - 5cm - 3m Roll
Bisoprolol Fumarate Tablets USP 2.5mg	Cotton Crape Bandage - 7.5cm - 4.5m Roll
Bosentan Tablets 62.5mg	Cotton Crape Bandage - 7.5cm - 9m Roll
Bosentan Tablets 125mg	Cotton Crape Bandage - 10cm - 6m Roll
Cabergoline Tablets USP 0.5mg	Dapsone Tablets BP 25mg
Calciferol Tablets 10000 IU	Dapsone Tablets BP 50mg

JOINT VENTURE PRODUCTS

Deferasirox Tablets 100mg	Glucose Intravenous Infusion BP 25% w/v, 25ml
Deferasirox Tablets 400mg	Glucose Intravenous Infusion BP 50% w/v, 50ml
Dextran 40 Intravenous Infusion BP 10% w/v, 500ml	Haemodialysis Solution (Part A)
Diazepam 10mg/2ml Ampoule	Haemodialysis Solution (Part B)
Diclofenac Gastro Resistant Tablets BP 25mg	Hydralazine Tablets BP 50mg
Diclofenac Sodium DR Tablets USP 50mg	Hydrocortisone Acetate Cream BP 1%
Diclofenac Sodium Suppositories 100mg	Hydrocortisone Ointment BP 1%
Diclofenac Sodium Suppositories 12.5mg	Hydroxychloroquine Sulfate Tablets USP 200mg
Diclofenac Sodium Suppositories 25mg	Isosorbide Mononitrate ER Tablets USP 30mg
Diltiazem - Prolonged Release Tablets BP 90mg	Ketamine HCL Inj. 200mg/20ml Vial
Domperidone Suppositories 10mg	Ketamine HCL Inj. 500mg/10ml Vial
Domperidone Suppositories 30mg	Labetalol Tablets BP 100mg
Domperidone Suppositories 60mg	Lamotragine Tablets USP 100mg
Domperidone Tablets BP 10mg	Lamotragine Tablets USP 25mg
Donepezil Hydrochloride Tablets USP 5mg	Lamotragine Tablets USP 50mg
Doxepin Capsules BP 50mg	Levamisole Hydrochloride Tablets USP 40mg
Enalapril Maleate Tablets USP 5mg	Levetiracetam Tablets USP 250mg
Ephedrine Injection BP 30mg/ml	Levetiracetam Tablets USP 500mg
Fentanyl Injection BP 100mcg/ 2 ml Ampoule	Lidocaine 2% Injection BP 5ml Vial
Ferrous Fumarate 91.2mg + Folic Acid Tablets 400mcg (Maternal and School Health)	Lidocaine Injection BP 2% w/v (Preservative free) 20ml vial
Ferrous Fumarate 182.4mg + Folic Acid 400mcg Tablets	Lithium Carbonate Tablets BP 250 mg
Ferrous Sulphate Tablets 200mg	Losartan Potassium Tablets BP 25mg
Fluphenazine HCl USP 5mg	Losartan Potassium Tablets BP 50mg
Frusemide Tablets BP 40mg	Magnesium Sulfate Injection BP 50% w/v, 10ml
Gabapentin Capsules USP 300mg	Mannitol Intravenous Infusion BP 20% w/v, 250ml
Gliclazide Modified Release Tablets 30mg	Mebendazole Tablets USP 100mg
Gliclazide Tab BP 40mg	Mebendazole Tablets USP 500mg (Chewable)
Gliclazide Tab BP 80mg	Mebendazole Tablets USP 500mg (Sachet)
GlucoseIntravenous Infusion BP 5% w/v, 500ml	Mesalazine Suppositories BP 500mg
Glucose Intravenous Infusion BP 10% w/v, 500ml	Metaraminol Injection BP 10mg/ml, 1ml Ampoule

JOINT VENTURE PRODUCTS

Metformin SR Tablets 500mg	Pregabalin Capsules IP 75mg
Metformin Tablets BP 500mg	Primidone Tablets USP 250mg
Methionine Tablets 500mg	Promethazine Injection BP 25mg/ml, 2ml Ampoule
Methyldopa Tablets BP 250mg	Propranolol - Prolong Released Capsules BP 160mg
Metolazone Tablets USP 5mg	Pyridostigmine Tab BP 60mg (Blister)
Metoprolol Tartrate Tablets USP 50mg	Pyridoxine Tablets BP 10mg (Blister)
Metronidazole Intravenous Infusion BP 0.5% w/v, 100ml	Pyrimethamine Tabs BP 25mg (Blister)
Miconazole Nitrate Cream BP 2%	Quetiapine ER Tablets USP 200mg
Midazolam Injection BP 5mg/ ml Ampoule	Quetiapine Tablets USP 100mg
Mycophenolate Mofetil Tablets 250mg	Risperidone Tablets USP 1mg
Mycophenolate Mofetil Tab USP 500mg	Risperidone Tablets USP 2mg
Mycophenolate Mofetil Tablets USP 250mg	Salbutamol Oral Solution 2mg/5ml
Nalidixic Acid Tablets 250mg	Sertraline HCl Tablets USP 50mg
Nicorandil Tablets BP 10mg	Sildenafil Tablets USP 50mg
Nimodipine Tablets BP 30mg	Sitagliptin Tablets USP 50mg
Ofloxacin Intravenous Infusion 0.2% w/v, 100ml	Sitagliptin Tablets BP 100mg
Omeprazole GR Capsules 20mg	Sodium Bicarbonate Tablets USP 600mg
Omeprazole Magnesium - Gastro Resistant Tablets 10mg	Sodium Chloride Intravenous Infusion BP 0.9% w/v, 500ml
Oseltamivir Phosphate Capsules USP 30mg	Sodium Chloride & Glucose Intravenous Infusion BP 0.45% & 5% w/v, 500ml
Oseltamivir Phosphate Capsules USP 45mg	Sodium Chloride & Glucose Intravenous Infusion BP 0.45% & 10% w/v, 500ml
Oxcarbazepine Tablets USP 150mg	Sodium Chloride & Glucose Intravenous Infusion BP 0.9% & 5% w/v, 500ml
Oxcarbazepine Tablets USP 300mg	Sodium Chloride & Glucose Intravenous Infusion BP 0.9% & 10% w/v, 500ml
Paediatric Paracetamol Oral Solution BP 120mg/5ml	Sodium Chloride Injection BP 0.9% w/v, 5ml
Pancreatin Capsules 150mg	Sodium Chloride Intravenous Infusion BP 3% w/v, 500ml
Paracetamol Tablets BP 500mg	Sodium Fusidate Tablets 250mg
Penicillamine Capsules USP 250mg	Sodium Valproate - Gastro Resistant Tablets BP 100mg
Phenytoin Sodium Injection 250mg/5ml Ampoule	Sodium Valproate - Gastro Resistant Tablets BP 200mg
Phytomenadione Tablets BP 5mg	Solifenacin Succinate Tablets 5mg
Pizotifen Tablets BP 0.5mg	
Pottasium Chloride 15% Injection 10ml	
Prazosin Tablets 1mg	

JOINT VENTURE PRODUCTS

Solifenacin Succinate Tablets 10mg
Sotalol Hydrochloride Tablets USP 80mg
Sterilised Water for Injections BP-10ml
Sulfadiazine Tablets USP 500mg
Sumatriptan Tablets BP 50mg
Tamsulosin Prolonged Release Capsules BP 0.2mg
Tamsulosin Prolonged Release Capsules BP 0.4mg
Theophylline Extended Release Tablets 125 mg
Thiamine Hydrochloride Tablets USP 10mg
Thiamine Hydrochloride Tablets USP 100mg
Thiamine Injection BP 100mg/2ml Ampoule
Tranexamic Acid Capsules 500mg
Tranexamic Acid Injection 500 mg/ml
Trientine Hydrochloride Capsules USP 300mg
Trifluoperazine Tablets BP 5mg
Ursodeoxycholic Acid Tablets BP 150mg
Valganciclovir Tablets USP 450mg
Venlafaxine Hydrochloride ER Capsules USP 37.5mg
Venlafaxine Hydrochloride ER Capsules USP 75mg
Verapamil HCL Injection 2.5 mg/2ml Ampoule
Verapamil PR Tablets BP 240mg
Vigabatrin Tablets BP 500mg
Vitamin A Capsules USP 100000 IU
Voriconazol Tablets 200mg
Wafarin Sodium Tablets USP 0.5mg
Wafarin Sodium Tablets USP 1mg
Wafarin Sodium Tablets USP 3mg
Zinc Sulfate Tablets USP 10mg (Dispersible)
Zinc Sulfate Tablets USP 20mg (Dispersible)

ACHIEVEMENTS

ARDS, CORPORATIONS, & AU



PHARMACEUTICALS MANUFACTURING CORPORATION OF SRI LANKA



STATE PHARMACEUTICAL MANUFACTURING CORPORATION

WON

THE GOLD AWARD

FOR THE

BEST ANNUAL REPORTS AND ACCOUNTS OF PUBLIC SECTOR - 2023

CONDUCTED BY THE ASSOCIATION OF PUBLIC FINANCE ACCOUNTANTS OF SRI LANKA.



STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31st December 2024

(All amounts in Sri Lankan Rupees)

	Note	2024	2023
Revenue	1	28,202,081,820	29,331,718,691
Cost of Sales	2	(25,219,748,290)	(26,381,969,229)
Gross Profit		2,982,333,530	2,949,749,462
Other Operating Income	3	38,588,211	14,096,336
Administrative Expenses	4	(418,617,627)	(396,275,773)
Selling & Distribution Expenses	5	(86,936,746)	(937,035,896)
Other Operating Expenses	6	(13,526,232)	(22,286,381)
Operating Profit		2,501,841,136	1,608,247,748
Finance Cost	7	(25,015,940)	(57,488,612)
Finance Income	8	606,178,870	622,548,970
Profit Before Tax		3,083,004,066	2,173,308,106
Tax Expenses	9	(926,973,991)	(654,752,799)
Profit for the Year		2,156,030,075	1,518,555,307
Statement of Comprehensive Income			
Profit for the Year		2,156,030,075	1,518,555,307
(+/-) Actuarial Gain / (Loss) on Retirement Benefit Obligation		(23,168,613)	12,513,552
Income Tax on Actuarial Gain / (Loss) on Retirement Benefit Obligation	9 (B) (i)	6,950,584	(3,754,066)
		(16,218,029)	8,759,486
(+) Actuarial Gain on Plan Asset		1,268,505	6,763,352
Income Tax on Actuarial Gain on Plan Asset	9 (A)	(380,552)	(2,029,006)
		887,954	4,734,346
Total Comprehensive Income for the Year, Net of Tax		2,140,700,000	1,532,049,139

STATEMENT OF FINANCIAL POSITION

As at 31.12.2024

(All amounts in Sri Lankan Rupees)

	Note	31.12.2024	31.12.2023
ASSETS			
Non Current Assets			
Property, Plant and Equipment	10	3,899,215,130	4,002,112,062
Intangible Assets	11	4,496,126	5,488,440
Other Non Current Assets	14	6,365,333	6,818,836
Prepaid Lease	13	315,772,340	319,077,961
Work in Progress - Construction		156,344,956	163,346,971
Current Assets			
Inventories	15	4,112,406,987	3,911,381,606
Trade and Other Receivables	16	2,136,050,687	1,622,883,799
Prepayments	17	47,406,275	42,619,403
Other Financial Assets	18	8,193,471,634	5,974,554,359
Cash In Hand & At Bank	19	782,355	468,896,309
		14,490,117,937	12,020,335,476
Total Assets		18,872,311,823	16,517,179,747
EQUITY AND LIABILITIES			
Authorised Capital		850,000,000	850,000,000
Stated Capital	20	3,106,173,044	3,106,173,044
Retained Earnings		9,186,271,236	7,376,658,041
Revaluation Reserve		557,996,541	557,996,541
Grant - World Bank - Health System Preparedness Project	21A	412,818,155	438,146,336
Asian Dev. Bank - Energy Efficient Centralized Air Conditioning System	21B	29,872,980	-
Total Equity		13,293,131,956	11,478,973,962
Non Current Liabilities			
Net Retirement Benefit Obligation	22	(6,329,471)	(14,557,672)
Deferred Tax Liability	23	355,370,390	389,492,010
		349,040,919	374,934,338
Current Liabilities			
Trade and Other Payables		4,689,869,254	4,052,364,854
Tax Payable	24	540,269,694	610,906,591
		5,230,138,948	4,663,271,446
Total Equity and Liabilities		18,872,311,823	16,517,179,747

The Accounting Policies on Pages 43 to 55 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 National Audit Office with Board of Directors approval and signed on their behalf.

Chairman:.....

Acting DGM - Finance:.....

Director :

Date : 15.05.2025

STATEMENT OF CHANGES IN EQUITY

As at 31.12.2024
(All amounts in Sri Lankan Rupees)

	Stated Capital	Profit & Loss	Revaluation Reserve	Grant - World Bank Health System Preparedness Project	Grant - Energy Efficient Centralized A/C System	Total
Balance as at 01.01.2024	3,106,173,044	7,376,658,041	557,996,541	438,146,336	-	11,478,973,962
Project for Energy Efficient Centralized A/C System	-	-	-	-	31,446,753	31,446,753
Amortization for the year	-	-	-	(25,328,181)	(1,573,774)	(26,901,955)
Profit for the Year	-	2,156,030,075	-	-	-	2,156,030,075
Other Comprehensive Income	-	(15,330,076)	-	-	-	(15,330,076)
Treasury Levy	-	(300,000,000)	-	-	-	(300,000,000)
Prior Year Adjustment	-	(31,086,805)	-	-	-	(31,086,805)
Balance as at 31.12.2024	3,106,173,044	9,186,271,236	557,996,541	412,818,155	29,872,980	13,293,131,956
	Stated Capital	Profit & Loss	Revaluation Reserve	Grant - World Bank Health System Preparedness Project	Grant - Energy Efficient Centralized A/C System	Total
Balance as at 01.01.2023	690,079,000	6,145,370,588	557,996,541	-	-	7,393,446,129
Transferd as Government Capital Investment	2,416,094,044	-	-	-	-	2,416,094,044
Penicillin Zone Development Project (CERHSP)	-	-	-	438,146,336	-	438,146,336
Profit for the Year	-	1,518,555,307	-	-	-	1,518,555,307
Other Comprehensive Income	-	13,493,833	-	-	-	13,493,833
Treasury Levy	-	(300,000,000)	-	-	-	(300,000,000)
Prior Year Adjustment	-	(761,686)	-	-	-	(761,686)
Balance as at 31.12.2023	3,106,173,044	7,376,658,041	557,996,541	438,146,336	-	11,478,973,962

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.12.2024

(All amounts in Sri Lankan Rupees)	2024	2023
Cash Flows from Operating Activities		
Net Profit/(Loss) before taxation & extraordinary items	3,083,004,066	2,173,308,106
Prior year Adjustment	(31,052,305)	(761,686)
Adjustments for :		
Depreciation on Fixed Assets	288,078,275	258,320,398
Current Service Cost	13,411,030	9,944,092
Employee Interest Cost	23,072,704	29,768,523
Expected Return on Plan Asset	(24,965,201)	(28,262,541)
Provision for Doubtful Debts	-	800,926,792
Unrealized Exchange Loss of Creditors	332,038	1,182,184
Profit / (Loss) on Disposal	429,134	167,416
Grant Income	(26,901,955)	-
Cost of Damaged & Unused	4,651,566	956,432
Interest Income	(587,396,153)	(611,027,968)
Operating Profit before Working Capital Changes	2,742,663,199	2,634,521,748
Changes in items of Working Capital		
(Increase) / Decrease in Inventories	(201,025,381)	(787,361,785)
(Increase) / Decrease in Debtors & Receivables	(513,166,888)	(18,410,208)
(Increase) / Decrease in Deposits & Prepayments	(4,786,872)	25,746,916
Increase / (Decrease) in Liabilities	637,172,362	182,571,573
Cash generated from operations	2,660,856,421	2,037,068,244
Gratuity paid	(25,190,440)	(15,097,410)
Tax paid	(1,025,162,476)	(674,401,394)
Net cash from operating activities	1,610,503,505	1,347,569,440
Cash Flows from Investing Activities		
Short term Investments (Note A)	(2,356,183,373)	(1,719,245,538)
Acquisition of Fixed Assets	(147,819,472)	(209,443,180)
Proceeds from the sale of Disposal of Property	269,632	172,003
Interest received	724,662,252	596,804,790
Increasing Other Non Current Assets	453,503	(5,456,960)
Net cash used in investing activities	(1,778,617,459)	(1,337,168,885)
Cash Flows from Financing Activities		
Treasury Levy	(300,000,000)	(300,000,000)
Net cash used in Financing activities	(300,000,000)	(300,000,000)
Net Increase / (Decrease) in Cash & Cash Equivalents	(468,113,954)	(289,599,445)
Cash & Cash Equivalents at the beginning of the period	468,896,309	758,495,754
Cash & Cash Equivalents at the end of the period (Note B)	782,355	468,896,309

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.12.2024

(All amounts in Sri Lankan Rupees)

	2024	2023
Note A - Cash flow from investing activities		
Cash Inflows during the period	(327,743,972,955)	(250,086,842,213)
Cash Outflows during the period	330,100,156,329	251,806,087,751
Net Cash Flow	2,356,183,373	1,719,245,538

Note B

Cash & Cash Equivalents

Bank of Ceylon - Ratmalana Branch	149,855	18,550
Bank of Ceylon - Corporate Branch	288,586	2,173,504
People's Bank - Ratmalana Branch	136,565	136,565
People's Bank - Corporate Branch	87,349	48,435
Dollar Margin - BOC Corporate	-	466,399,254
Cash Balance	100,000	100,000
Petty Cash	20,000	20,000
	782,355	468,896,309

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 prepares Financial Statements for the year ended 31st December 2024. The Financial Statements were approved by the Board of Directors of the Corporation on 27th February 2025.

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

The Accounting Policies set out below are consistent with those used in the previous year other than following.

3.1.1 PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated 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.

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

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 life 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	40 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 carry 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 Act No: 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.

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

3.1.6.2 DEFERRED TAXATION

In respective 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 of Doubtful Debts for MSD Debtor long outstanding as at 31-12-2023.

3.2.3 CASH AND CASH EQUIVALANTS

Cash and cash equivalents comprise cash in hand and 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.

	2024	2023
Short term benefits	2,394,055	2,830,423
Gift Vouchers	215,000	180,000

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

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

NATURE OF TRANSACTION	2024	2023
TRANSACTION		
Investment in Sri Lanka Government Securities Held by Corporation	8,411,745,348	6,166,594,367
Paid Surplus to Government during the year	300,000,000	300,000,000
Sales to DHS, SPC & Distributors	28,202,081,820	29,331,718,691
OUTSTANDING BALANCE		
Receivable from SPC	11,599,411	8,426,990
Receivable from DHS	2,885,941,368	2,378,686,753

3.2.5 CAPITAL

There is no change in the Authorized Capital during the year ended 31st December 2024.

3.2.6 GRANTS

Grants are initially measured at fair value, which is typically the amount received or receivable. The measurement of the Grant may vary depending on the nature of the Grant.

- Grants related to income are recognized in the Statement of Profit or Loss
- Grants related to Assets are recognized as Deferred Income

3.2.7 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.

3.2.8 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

A Defined Benefit Plan is a Post-Employment Benefit Plan other than a Defined Contribution Plan. The estimation of this liability, determined by an independent, qualified Actuary, necessarily involves long-term assumptions. The Defined Benefit Obligation is calculated annually using the Projected Unit Credit Method. The service of a qualified Actuary is obtained to determine the valuation of the Defined Benefit Obligation for the SPMC that adopted the Actuarial Valuation Method in computing the provision required in accordance with Sri Lanka Accounting Standard (LKAS – 19) – Employee Benefits. This standard also provides actuarial techniques which approximate the actuarial valuation which has been adopted by the company. The Projected Unit Credit method projects the current data using the actuarial assumptions and calculates projected benefits at the participants' assumed retirement date.

The Defined Benefit Obligation recognized in the Statement of Financial Position represents the present value of the Defined Benefit Obligation as reduced by the fair value of Plan Assets. Actuarial gains and losses are recognized as income or expenses in the Statement of Comprehensive Income during the Financial Year in which they arise. The Gratuity Liability of the SPMC is separately identified in part by a Gratuity Fund, with the investment of the fund being mainly in Treasury Bill with a Government Bank. Provision is made for Defined Benefit Plan Liability for all employees from the first year of service in conformity with Sri Lanka Accounting Standard (LKAS – 19) – Employee Benefits.

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

The actuarial Present Value of the Defined Benefit Obligation (PVDBO) under the PUC method / Accounting Standard is the present value of all benefits accrued to the existing employees of the scheme, based on service up to the valuation date, but with projected final salaries to the probable date of severance from employment [due to ill health, retirement, death, normal retirement or any other reason]. However, under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of five years of continued service.

RECOGNITION OF ACTUARIAL GAINS AND LOSSES

The SPMC recognizes the total Actuarial Gains and Losses in the Other Comprehensive Income during the period in which it occurs.

RECOGNITION OF CURRENT SERVICE COST

Since end of service gratuity defined benefit is a statutory benefit, the recognition of current service cost will arise only if the Payment of Gratuity Act No.12 of 1983 is amended in future to increase the promised benefit in termination of employment. In such event, the SPMC will adopt the accounting policy currently used for defined benefit plans.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS – DEFINED BENEFIT PLANS

Cost of Defined Benefit Plans are determined using actuarial valuations. Actuarial valuation involves making various assumptions, determining discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and their long – term nature, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, the Management considers the interest rates of Sri Lanka Government Bonds. The mortality rate is based on publicly available mortality tables. Estimate on future salary increases is based on expected future inflation rates and expected future salary increase rate of the SPMC. The investment portfolio of the Plan Assets are exposed to market and credit risks.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The SPMC recognizes gain or loss on the settlement of a defined plan when the settlement occurs.

Retirement Benefit Obligations of State Pharmaceuticals Manufacturing Corporation have been determined based on actuarial valuations carried out by Mr.Munisami Poopalanathan – Actuary of Actuarial and Management Consultants (Pvt) Ltd.

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.

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

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 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 31-12-2024.

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.

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

SALE OF GOODS

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

Revenue from sales of goods is recognized when the performance obligation is satisfied at the point in time when control of the goods is transferred to the customer.

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.

Corporation formed following Joint Venture Companies.

Name of the Company	Place of J/Venture Company	% 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 Kudarathwaththe Mawatha,Dodangwala,Kandy	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC
Medicom (Pvt)Ltd	No.20,Vijitha Road,Nadimala,Dehiwala	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC
Yarden Laboratories (Pvt)Ltd	No.67,Norris Canal Road, Colombo 10	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC
Sands Active(Pvt)Ltd	No.36, Abdul Jabbar Mawatha, Colombo 12	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

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. Share holding 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 Pharmaceutical	1,500,000	21.10.2020	1,500,000
Premium International	16,162	22.12.2020	16,162
Sands Active (Pvt)Ltd	33	15.11.2019	33
Yarden Laboratories (Pvt)Ltd	4,111,111	07.06.2021	4,111,111
Synergy Pharmaceuticals (Pvt)Ltd	10	01.07.2018	10
Glosante (Pvt)Ltd	10	06.06.2022	10

(b) Supplying Pharmaceuticals through distributors. Corporation engages in marketing of pharmaceuticals through distributors since 2003.

		2024	2023
Medical Supplies Division	SPMC Products	6,365,874,163	6,529,310,266
	Joint Venture Products	19,922,270,452	20,166,340,889
SPC	SPMC Products	18,566,907	66,827,524
	Joint Venture Products	9,299,089	8,647,340
Distribution	SPMC Products	1,668,560,933	2,365,477,315
	Joint Venture Products	217,510,274	195,115,357

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

SALES DISCOUNTS

Discounts are given as follows.

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 method as follows.

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

EXPENSES	ALLOCATION METHOD
(a) Rates & Taxes, Electricity, Water Charges, Security Charges, Insurance, Maintenance of Equipment, Maintenance – General, Maintenance – Building, Depreciation.	(a) 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.
(b) Insurance of Health Insurance Scheme, Staff Welfare, Uniform & Shoes, Transport Charges.	(b) Cost is apportioned based on actual number of employees in each section.
(c) 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.	(c) Actual cost method is used.
(d) Staff Benefits & Other Expenses.	(d) 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.



CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

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 2024.

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 the investment is derecognized, at which time the cumulative gain or loss is 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.

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

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 a 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 31 December 2024.

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.

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

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 MANAGEMENT OBJECTIVES AND POLICIES

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 analyze 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 31.12.2024

(All amounts in Sri Lankan Rupees)

Note - 1			2024		2023	
Revenue						
Sales - MSD	SPMC		6,365,874,163		6,529,310,266	
	Joint Venture		19,922,270,452		26,288,144,615	
Sales Distribution	SPMC 1 - A		1,687,127,841		2,432,304,839	
	Joint Venture 1 - B		226,809,364		1,913,937,205	
			28,202,081,820		29,331,718,691	

Note -1 A	2024	2023
Sales - Distribution - SPMC		
Gross Sales	1,862,390,335	2,687,210,197
(-) Discount - 6%	(51,988)	-
(-) Discount - 7%	(3,033)	-
(-) Discount - 9%	(94,176,374)	(122,912,584)
(-) Discount - 10%	(81,031,099)	(131,992,775)
Net Sales	1,687,127,841	2,432,304,839

Note -1 B	2024	2023
Sales - Distribution - Joint Venture		
Gross Sales	249,932,883	224,545,824
(-) Discount - 9%	(12,204,174)	(10,568,519)
(-) Discount-10%	(10,919,345)	(10,214,609)
Net Sales	226,809,364	203,762,697

Note - 2

Cost of Sales		2024		2023	
Cost of Sales - MSD	SPMC	4,394,327,713		4,708,703,823	
	Joint Venture	<u>18,822,743,554</u>	23,217,071,267	<u>19,043,340,361</u>	23,752,044,184
Cost of Sales - SPMC	SPMC	1,147,410,416		1,907,567,989	
	Joint Venture	<u>212,105,750</u>	1,359,516,166	<u>189,765,906</u>	2,097,333,895
Production Expenses			<u>643,160,857</u>		<u>532,591,149</u>
			25,219,748,290		26,381,969,228

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

(All amounts in Sri Lankan Rupees)

Note 2 A

			2024	2023
Production Cost	Unabsorbed Cost	Absorbed Cost to Cost of Sales	Total	Total
Direct Labour (Production)				
Salaries & Wages	-	60,503,964	60,503,964	61,502,678
Casual Salaries	1,805,555	367,292	2,172,847	2,071,114
Cost of Living	-	29,349,791	29,349,791	13,424,798
Travelling Incentive	-	10,818,071	10,818,071	10,819,138
E.P.F. & E.T.F. - 18%	4,793,814	13,429,458	18,223,272	14,378,933
Overtime	1,374,984	21,164,829	22,539,812	27,571,565
Attendance Incentive	10,237,209	-	10,237,209	9,924,274
Performance Incentive	49,974,971	3,215,035	53,190,006	57,657,883
Annual Bonus	10,197,160	-	10,197,160	3,499,285
Current & Past Service Cost	5,523,298	-	5,523,298	4,089,983
Employee Interest Cost	(749,713)	-	(749,713)	554,837
Shift Incentive	4,422,700	-	4,422,700	4,888,500
Staff Medical Expenses	6,676,642	-	6,676,642	7,308,208
Housing Loan Int.Reimb.	4,060,473	-	4,060,473	4,487,809
Supervisor Allowance	570,629	-	570,629	612,000
Difficult Working Condition Allowance	5,291,640	-	5,291,640	4,332,780
Professional Allowance	132,000	-	132,000	191,898
Retirement Benefit	276,000	-	276,000	-
Monthly Allowance	4,096,895	4,837,420	8,934,315	9,320,195
Staff Cost	7,431,634	-	7,431,634	4,181,678
	116,115,891	143,685,859	259,801,749	240,817,556
Indirect Manufacturing Cost(Q/C,F/D,Plan/Main)				
Salaries & Wages	40,381,371	2,236,918	42,618,289	41,445,201
Casual Salaries	4,114,255	-	4,114,255	561,036
Cost of Living	18,299,596	-	18,299,596	8,117,678
Travelling Incentive	7,363,991	-	7,363,991	7,183,955
E.P.F. & E.T.F. - 18%	12,537,883	-	12,537,883	9,647,989
Overtime	21,050,119	-	21,050,119	20,711,556
Attendance Incentive	9,304,445	-	9,304,445	7,323,021
Performance Incentive	32,469,004	-	32,469,004	35,035,565
Annual Bonus	6,334,438	-	6,334,438	1,721,544
Current & Past Service Cost	4,039,711	-	4,039,711	2,800,092

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note 2 A

2024

2023

	Unabsorbed Cost	Absorbed Cost to Cost of Sales	Total	Total
Indirect Manufacturing Cost(Q/C,F/D,Plan/Main)				
Employee Interest Cost	(540,664)	-	(540,664)	459,519
Shift Incentive	1,398,300	-	1,398,300	1,487,113
Staff Medical Expenses	4,683,076	-	4,683,076	4,421,509
Housing Loan Int.Reimbursement	1,909,273	-	1,909,273	2,355,751
Supervisor Allowance	108,000	-	108,000	135,968
Difficult Working Condition Allowance	2,239,235	-	2,239,235	1,846,860
Retirement Benefit	260,000	-	260,000	92,000
Professional Allowance	323,313	-	323,313	252,484
Monthly Allowance	5,753,162	-	5,753,162	5,434,993
Staff Cost	4,691,602	-	4,691,602	2,562,245
Special Acting Allowance	-	-	-	69,042
Communiication Allowance	215,292	-	215,292	187,549
Insurance of Health Ins.Scheme	633,566	10,512,360	11,145,925	8,992,905
Staff Welfare	9,710,947	72,869,769	82,580,715	74,971,734
Staff Training	7,995,750	-	7,995,750	2,288,901
Uniforms & Shoes	896,158	3,631,405	4,527,563	5,440,428
Water Charges	-	9,758,618	9,758,618	6,823,329
Rates & Taxes	-	1,275,920	1,275,920	1,267,918
Electricity	6,265,570	84,449,294	90,714,864	108,626,519
Insurance - General	-	5,241,297	5,241,297	4,701,487
Security Charges - Production	7,618,576	-	7,618,576	7,527,444
Maintenance of Equipment	213,668	4,750,289	4,963,956	6,422,620
Maintenance-Production	230,190	22,164,085	22,394,275	37,692,126
Maintenance of Building	4,342,286	7,102,854	11,445,140	5,623,091
Depreciation	244,703,184	-	244,703,184	215,698,863
Transport Charges	525,256	885,735	1,410,991	448,900
Consumption - Spare Parts	465,883	50,058,363	50,524,246	27,968,748
Consumption - Fuel & Lubricants	-	44,482,086	44,482,086	53,313,395
Repairs & Maintenance - P & M	9,581,486	15,006,029	24,587,515	18,424,559
Quality Control Expenses	31,455,449	-	31,455,449	32,972,640
R/M Destruction Charges	1,357,161	-	1,357,161	3,285,131
Cost of Rejected Raw Materials	2,352,642	-	2,352,642	1,344,532

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

			2024	2023
	Unabsorbed Cost	Absorbed Cost to Cost of Sales	Total	Total
Cost of Rejected Packing Materials	1,036,545	-	1,036,545	1,251,655
Cost of Rejected Work in Progress	20,869,052	-	20,869,052	2,087,653
Raw Material Adj-General Drugs	(1,628,638)	-	(1,628,638)	(1,118,496)
Raw Material Adj-Penicillin Drugs	312,397	-	312,397	72,499
Raw Material Adj-Stock Take	(1,498,900)	-	(1,498,900)	(905,325)
Packing Material Adj-Stock Take	(1,856,429)	-	(1,856,429)	(2,537,976)
Packing Material Adj.	248,175	-	248,175	(14,561)
Stock Take Adjustment - Main	81,946	-	81,946	(56,894)
Work-in-Progress Adj-Stock Take	968,107	-	968,107	(22,704)
Cost of Sales Invoice Variance	3,229,540	-	3,229,540	10,019,179
	643,160,857	478,110,879	1,121,271,736	1,027,280,526

Note -3

Other Operating Income

	2024	2023
Miscellaneous Income (Note 3-A)	11,353,816	13,993,363
Grant Income	26,901,955	-
Raw Material Sales	332,442	102,973
	38,588,212	14,096,336

Note 3- A

Miscellaneous Income

Scrap Sales	4,610,222	7,211,381
Registration of Suppliers	883,000	729,000
Tender Document Fee	4,697,350	3,058,630
Creditor's Balance & Bid Bond Payable balance Writeoff	-	1,972,769
General	1,163,243	1,021,583
	11,353,816	13,993,363

Note - 4

Administration Expenses

	2024	2023
Salaries & Wages	43,200,362	43,850,364
Casual Salaries	2,526,899	1,351,040
Cost of Living	17,268,252	7,995,465
Travelling Incentive	13,598,224	15,346,579
E.P.F. & E.T.F. - 18%	11,407,027	9,273,844
Overtime	17,412,126	17,499,593

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Overtime	17,412,126	17,499,593
Attendance Incentive	8,387,569	7,097,780
Performance Incentive	31,187,732	33,207,773
Annual Bonus	5,834,500	1,581,025
Current & Past Service Cost	3,848,021	3,054,017
Employee Interest Cost	(602,120)	491,627
Shift Incentive	615,400	582,800
Staff Cost	4,345,881	2,462,722
Staff Medical Expenses	5,977,738	4,677,774
Housing Loan Int.Reimbursement	3,499,898	3,767,121
Supervisor Allowance	285,968	300,000
Difficult Working Condition Allowance	729,285	542,190
Professional Allowance	904,782	1,060,073
Special Acting Incentive	1,183,479	1,058,360
Monthly Allowance	5,281,932	5,524,211
Retirement Benefit	360,000	472,000
Communication Allowance	456,498	523,508
Ins.of Health Insurance Scheme	4,056,913	3,591,617
Staff Welfare	28,296,729	25,983,258
Staff Training	1,545,231	748,156
Uniforms & Shoes	1,081,407	1,432,006
Travelling - Overseas	-	666,722
Directors Fees	296,000	320,000
Other Incentives	5,631,800	7,167,800
Rates & Taxes	545,068	545,146
Electricity	28,550,974	32,908,839
Water Charges	3,315,649	2,858,135
Insurance - General	730,041	822,547
Insurance - Vehicles	361,911	331,248
Repairs & Maintenance of Motor Vehicles	13,698,978	10,425,767
Fuel & Lubricants for Vehicles	13,433,062	15,011,119
Maintenance of Equipment	3,136,818	1,979,551
Maintenance-Administration	7,528,263	6,775,809
Maintenance of Building	2,148,410	294,109
Depreciation	43,375,091	42,621,535
Transport Charges	1,718,651	921,243
Postage & Fax	1,504,372	911,268

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Telephone Charges	1,069,521	1,118,724
Security Charges	3,894,395	2,166,244
Donations	709,415	392,950
Licence Fee - Vehicles	132,341	124,934
Licence Fee - Drugs	7,539,777	7,749,877
Licence Fee - Others	344,628	354,568
Printing & Stationery	11,356,947	10,589,662
Office Expenses	2,528,546	2,203,723
Audit Fee	2,300,000	1,955,400
Rent Charges	30,775,599	41,796,482
Advertisements	5,616,165	5,869,241
Trade Subs.& Periodicals	144,920	123,420
Legal & Inquiry Expenses	520,000	-
Professional Charges	5,230,802	324,129
Entertainment	2,906,796	2,377,011
Annual Subscription	173,000	74,635
Stamp Fee	55,975	62,600
Cost of Damaged & Unused	4,651,566	956,432
Stationary Adj-Stock take	2,414	-
	418,617,627	396,275,773

Note - 5

2024

2023

Selling & Distribution Expenses

Promotional Discounts	78,005,017	132,015,605
Sales Promotion Expenses	4,397,045	4,093,499
Cost of Rejected Finished Goods	2,521,736	-
Doubtful Debt	4,806,807	800,926,792
Finished Goods Adj-Stock Take	(2,793,859)	-
	86,936,746	937,035,896

Note - 6

2024

2023

Other Operating Expenses

Formulation, Research & Dev.	12,670,936	22,112,506
Stock Take Adjustments - FD	426,163	6,459
Loss on Disposal	429,134	167,416
	13,526,232	22,286,381

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note - 7	2024	2023
Finance Cost		
Bank Charges	714,558	562,502
O.D.Interest	36,970	52,984
Exchange Loss	24,264,412	56,873,126
	25,015,940	57,488,612

Note - 8	2024	2023
Finance Income		
Staff Loan Interest	2,313,600	2,314,357
Treasury Bill Interest	587,396,153	611,027,968
Interest Income - Staff Loan	16,469,116	9,206,645
	606,178,870	622,548,970

Note - 9	2024	2023
Income Tax Expense		
Current Tax Expense Note - 9 A	954,145,027	826,482,763
Deferred Tax Expense Note - 9 B (i)	(27,171,036)	(171,729,964)
	926,973,991	654,752,798

Note - 9 A	2024	2023
Current Tax Expense		
Income Tax on Profit for the year Note - 9 A (i)	954,525,578	828,511,769
Over / Under Provision for Income Tax	-	-
Income Tax on Actuarial Gain on Plan Asset	(380,552)	(2,029,006)
	954,145,027	826,482,763

Note - 9 A (i)	2024	2023
Income Tax on Profit for the year		
Net Profit before Taxation	3,083,004,066	2,173,308,106
(-) Income which does not part of Trading Profit		
Interest on Treasury Bills	(612,361,354)	(639,290,509)
Net Profit from TradingActivities	2,470,642,712	1,534,017,597
(+) Disallowable Expenses	337,983,154	1,101,800,822
(-) Allowable Expenses	(240,673,972)	(520,312,387)
(+) Profit on disposal of Property, Plant & Equipment	170,175	146,003
Taxable Income	2,568,122,069	2,115,652,035

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Income Tax rate on Operational Income				30%		30%
Income Tax rate on Interest Income				30%		30%
Income Tax on Operational Income	30%	2,568,122,069	770,436,621	30%	2,115,652,035	634,695,611
Income Tax on Interest Income	30%	613,629,859	184,088,958	30%	646,053,861	193,816,158
Total Income Tax			954,525,578			828,511,769

Note - 9 B

Deferred Tax		2024		2023
Charge/(Reversal) as Deferred Tax during the year	Temporary Difference		Temporary Difference	
Deferred Tax on Deferred Tax Liabilities - Note - 9 B (vi)	2,512,483,689	753,745,107	2,589,133,750	776,740,125
Deferred Tax on Deferred Tax Assets - Note - 9 B (vii)	(1,327,915,718)	(398,374,715)	(1,290,827,046)	(387,248,114)
Deferred Tax Liability at the end of the year		355,370,391		389,492,011
Deferred Tax Liability at the beginning of the year		389,492,011		557,467,909
Charge/(Reversal) as Deferred Tax during the year		(34,121,620)		(167,975,899)

Note - 9 B (i)

Deferred Tax Adjustment

Charged to P & L - Note - 9 B (ii)	(27,171,036)	(171,729,964)
Charged to OCI - Note - 9 B (iii)	(6,950,584)	3,754,066
	(34,121,620)	(167,975,898)

Note - 9 B (ii)

Deferred Tax Adjustment - Charged to P & L

Origination & reversal of Temporary Differences	(27,171,036)	(171,729,964)
Adjustment to opening Deferred Tax Liability resulting from increasing of Tax rate	-	-
	(27,171,036)	(171,729,964)

Note - 9 B (iii)

Deferred Tax Adjustment - Charged to OCI

Deferred tax attributable to Revaluation Surplus of P,P & E	-	-
Tax on Actuarial (Gain)/Loss of Provision for Employee Benefit Liability	(6,950,584)	3,754,066
	(6,950,584)	3,754,066
Total Deferred Tax Adjustment	(34,121,620)	(167,975,898)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note - 9 B (iv) 2024 2023

Deferred Tax Expense/ (Income) related to the origination & reversal of Temporary Differences

Total Net Deferred Tax for the year	355,370,391	389,492,011
(-) Opening Deferred Tax Liability	(389,492,011)	(557,467,909)
Adjustment to opening Deferred Tax Liability resulting from increasing of tax rate	-	-
Tax on Actuarial (Gain)/Loss of Provision for Employee Benefit Liability	6,950,584	(3,754,066)
	<u>(27,171,036)</u>	<u>(171,729,964)</u>

Note - 9 B (v) 2024 2023

Adjustment to opening Deferred Tax Liability resulting from increasing of tax rate

Net Temporary Difference at the beginning	1,298,306,703	2,170,644,282
Adjustment to opening deferred tax liability	<u>-</u>	<u>-</u>

Note - 9 B (vi) 2024 2023

Deferred Tax Liability

Types of Temporary Differences	Temporary Differences	Tax effect 30%	Temporary Differences	Tax effect 30%
Accelerated Depreciation of P,P & E for Tax purposes	2,512,483,689	753,745,107	2,589,133,750	776,740,125
Net Deferred Tax Liability		<u>753,745,107</u>		<u>776,740,125</u>

Note - 9 B (vii)

Deferred Tax Assets 2024 2023

Types of Temporary Differences	Temporary Differences	Tax effect 30%	Temporary Differences	Tax effect 30%
Employee Benefit Liability that are deducted for Tax purposes only when paid	(211,944,243)	(63,583,273)	(177,482,336)	(53,244,701)
Provision for Doubtful Debts	(1,115,639,437)	(334,691,831)	(1,113,344,710)	(334,003,413)
Foreign Exchange Loss - Unrealized	(332,038)	(99,611)		-
Net Deferred Tax Asset		<u>(398,374,715)</u>		<u>(387,248,114)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note - 10

Property , Plant & Equipments - Depreciable Assets

Cost		2024				
Description	Cost/Revaluation Value As At 01.01.2024	Acquisitions During the Year	Disposals During the Year	Balance As at 31.12.2024	Damaged & Unused Adjustments (Note - 12)	Balance After Adj. of Damaged & Unused As At 31.12.2024
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	1,391,070,033	18,050,990	-	1,409,121,023	-	1,409,121,023
Plant & Machinery	2,677,578,644	109,961,778	-	2,787,040,422	(6,288,349)	2,780,752,073
Motor Vehicles	63,450,000	-	(500,000)	63,450,000	-	63,450,000
Motor Bicycle	185,000	-	-	185,000	-	185,000
Equipment	257,581,191	41,372,786	-	298,613,477	(3,982,571)	294,630,906
Computer Accessories	28,008,254	12,286,801	(340,500)	39,376,005	(281,600)	39,094,405
Furniture & Fittings	31,081,453	3,815,510	(919,050)	34,894,463	(495,304)	34,399,159
Bicycle & Carts	3,364,532	-	(2,500)	3,364,532	-	3,364,532
Tools	3,458,825	-	-	3,458,825	(6,750)	3,452,075
Vehicle Parking Shed	3,200,000	-	-	3,200,000	-	3,200,000
Total Value of Assets	4,514,563,238	185,487,865	(1,762,050)	4,698,289,054	(11,054,574)	4,687,234,480

Depreciation

Description	Accumulated Dep. As at 01.01.2024	Depreciation For the Year	Acc. Dep.Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2024
Depreciable Assets					
Land Scaping Expenses	2,283,742	60,788	-	-	2,344,530
Land	-	-	-	-	-
Buildings	115,995,325	70,096,052	-	-	186,091,377
Plant & Machinery	294,569,067	164,442,961	(123,858)	(1,286,759)	457,601,411
Motor Vehicles	24,102,619	8,856,865	-	-	32,959,484
Motor Bicycle	52,857	26,429	-	-	79,286
Equipment	51,698,755	28,744,831	(185,913)	(1,455,378)	78,802,295
Computer Accessories	11,673,099	5,870,106	(651,476)	(117,744)	16,773,985
Furniture & Fittings	6,169,124	3,786,679	-	(34,821)	9,920,982
Bicycle & Carts	611,972	327,416	-	-	939,388
Tools	1,163,277	543,333	-	-	1,706,610
Vehicle Parking Shed	533,333	266,667	-	-	800,000
Total	508,853,170	283,022,129	(961,247)	(2,894,702)	788,019,350

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note - 10

Property , Plant & Equipments - Depreciable Assets

Cost	2023					
Description	Cost/Revaluation Value As At 01.01.2023 Restated	Acquisitions During the Year Restated	Disposals During the Year Restated	Balance As at 31.12.2023 Restated	Damaged & Unused Adjustments (Note - 12) Restated	Balance After Adj. of Damaged & Unused As At 31.12.2023 Restated
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	1,160,828,144	230,241,889	-	1,391,070,033	-	1,391,070,033
Plant & Machinery	2,379,662,018	297,916,626	-	2,677,578,644	(1,116,600)	2,676,462,044
Motor Vehicles	63,450,000	-	-	63,450,000	-	63,450,000
Motor Bicycle	185,000	0	-	185,000	-	185,000
Equipment	196,048,090	61,533,101	-	257,581,191	(1,853,119)	255,728,072
Computer Accessories	23,222,901	5,318,203	(532,850)	28,008,254	(181,800)	27,826,454
Furniture & Fittings	26,788,750	4,292,703	-	31,081,453	(439,737)	30,641,716
Bicycle & Carts	3,364,532	-	-	3,364,532	-	3,364,532
Tools	3,458,825	-	-	3,458,825	(6,750)	3,452,075
Vehicle Parking Shed	3,200,000	0	-	3,200,000	-	3,200,000
Total Value of Assets	3,915,793,566	599,302,522	(532,850)	4,514,563,238	(3,598,006)	4,510,965,232

Depreciation

Description	Accumulated Dep. As at 01.01.2023	Depreciation For the Year	Acc. Dep.Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2023
Depreciable Assets					
Land Scaping Expenses	2,222,954	60,788	-	-	2,283,742
Land	-	-	-	-	-
Buildings	57,873,263	58,122,062	-	-	115,995,325
Plant & Machinery	150,103,957	144,630,442	-	(165,332)	294,569,067
Motor Vehicles	12,051,310	12,051,309	-	-	24,102,619
Motor Bicycle	26,429	26,428	-	-	52,857
Equipment	25,845,610	26,916,977	-	(1,063,832)	51,698,755
Computer Accessories	6,011,517	6,049,989	(240,606)	(147,801)	11,673,099
Furniture & Fittings	2,905,431	3,327,202	-	(63,509)	6,169,124
Bicycle & Carts	284,556	327,416	-	-	611,972
Tools	599,744	563,533	-	-	1,163,277
Vehicle Parking Shed	266,667	266,666	-	-	533,333
Total	258,191,438	252,342,812	(240,606)	(1,440,474)	508,853,170

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note - 10

Property , Plant & Equipments - Depreciable Assets

Written Down Value

Description	Balance As at 31.12.2024
Depreciable Assets	
Land Scaping Expenses	3,768,858
Land	49,471,918
Buildings	1,223,029,646
Plant & Machinery	2,323,150,662
Motor Vehicles	30,490,516
Motor Bicycle	105,714
Equipment	215,828,611
Computer Accessories	22,320,420
Furniture & Fittings	24,478,177
Bicycle & Carts	2,425,144
Tools	1,745,464
Vehicle Parking Shed	2,400,000
Total Value of Assets	3,899,215,130

Written Down Value

Description	Balance As at 31.12.2023
Depreciable Assets	
Land Scaping Expenses	3,829,646
Land	49,471,918
Buildings	1,275,074,708
Plant & Machinery	2,381,892,977
Motor Vehicles	39,347,381
Motor Bicycle	132,143
Equipment	204,029,317
Computer Accessories	16,153,355
Furniture & Fittings	24,472,592
Bicycle & Carts	2,752,560
Tools	2,288,798
Vehicle Parking Shed	2,666,667
Total Value of Assets	4,002,112,062

Note - 11
Intangible Assets

2024						
Cost						
Description	Cost/Revaluation Value As At 01.01.2024	Acquisitions During the Year	Disposals During the Year	Balance As at 31.12.2024	Damaged & Unused Adjustments (Note - 12)	Balance After Adj. of Damaged & Unused As At 31.12.2024
Computer Software	10,777,455	780,375	(71,000)	11,486,830	-	11,486,830
Total Value of Assets	10,777,455	780,375	(71,000)	11,486,830	-	11,486,830

Depreciation

Description	Accumulated Dep. As at 01.01.2024	Depreciation For the Year	Acc. Dep.Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2024
Computer Software	5,289,015	1,750,525	(48,836)	-	6,990,704
Total	5,289,015	1,750,525	(48,836)	-	6,990,704

Written Down Value

Description	Balance As at 31.12.2024
Computer Software	4,496,126
Total	4,496,126

Note - 12 - Damaged & Unused Adjustment

Description	Balance as at 01.01.2024	Damaged & Unused identified during the year	Disposals During the Year 2024	Balance as at 31.12.2024
Plant & Machinery	1,116,600	5,171,749	-	6,288,349
Equipment	1,853,119	2,156,952	(27,500)	3,982,571
Computer Accessories	181,800	162,000	(62,200)	281,600
Furniture & Fittings	439,737	55,567	-	495,304
Tools	6,750	-	-	6,750
Computer Software	-	-	-	-
Total	3,598,006	7,546,268	(89,700)	11,054,574

2023						
Description	Cost/Revaluation Value As At 01.01.2023	Acquisitions During the Year	Disposals During the Year	Balance As at 31.12.2023	Damaged & Unused Adjustments (Note - 12)	Balance After Adj. of Damaged & Unused As At 31.12.2023
Computer Software	8,935,842	1,949,113	(107,500)	10,777,455	-	10,777,455
Total Value of Assets	8,935,842	1,949,113	(107,500)	10,777,455	-	10,777,455

Description	Accumulated Dep. As at 01.01.2023	Depreciation For the Year	Acc. Dep.Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2023
Computer Software	2,677,379	2,671,961	(60,325)	-	5,289,015
Total	2,677,379	2,671,961	(60,325)	-	5,289,015

Written Down Value

Description	Balance As at 31.12.2023
Computer Software	5,488,440
Total	5,488,440

Description	Balance as at 01.01.2023	Damaged & Unused identified during the year	Disposals during the year	Reuse during the year	Balance as at 31.12.2023
Plant & Machinery	724,250	392,350	-	-	1,116,600
Equipment	388,117	1,465,002	-	-	1,853,119
Computer Accessories	14,600	167,200	-	-	181,800
Furniture & Fittings	67,382	372,355	-	-	439,737
Tools	6,750	-	-	-	6,750
Computer Software	-	-	-	-	-
Total	1,201,099	2,396,907	-	-	3,598,006

Note - 13
Prepaid Lease

2024

Cost

Description	Cost As At 01.01.2024	Acquisitions During the Year	Disposals During the Year	Cost As At 31.12.2024
Leasehold Land	327,327,643	-	-	327,327,643
Total Value of Assets	327,327,643	-	-	327,327,643

Depreciation

Description	Accumilated Dep. As at 01.01.2024	Depreciation for the Year	Acc.Dep realated to disposal	Balance as at 31.12.2024
Leasehold Land	8,249,680	3,305,623	-	11,555,303
Total Value of Assets	8,249,680	3,305,623	-	11,555,303

Written Down Value

Description	Balance As at 31.12.2024
Leasehold Land	315,772,340
Total	315,772,340

Lease of Land 99 Years

The State Pharmaceuticals Corporation had obtained a Land from the Urban Development Authority on a 99 year lease on 11.09.1981.Out of this Land , an extent of 3 acres, 3 roods and 8.29 perches was allocated to the State Pharmaceuticals Manufacturing Corporationthrough a lease agreement bearing number 60, dated 29.06.1984 for the purpose of establishing a factory. The portion of the relevant lease amount had been paid to the State Pharmaceuticals Corporation at the time, the land was allotted and the acquisition of the lease land is in progress. Lease amount has been accounted for on straight line basis over the lease period of 99 years.

2023

Cost

Description	Cost As At 01.01.2023	Acquisitions During the Year	Disposals During the Year	Cost As At 31.12.2023
Leasehold Land	327,327,643	-	-	327,327,643
Total	327,327,643	-	-	327,327,643

Depreciation

Description	Accumilated Dep. As at 01.01.2023	Depreciation for the Year	Acc.Dep realated to disposal	Balance as at 31.12.2023
Leasehold Land	4,944,057	3,305,623	-	8,249,680
Total Value of Assets	4,944,057	3,305,623	-	8,249,680

Written Down Value

Description	Balance As at 31.12.2023
Leasehold Land	319,077,963
Total	319,077,963

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note - 14

Other Non Current Assets	2024	2023
Deposits	5,906,360	6,397,360
Security Deposits	458,973	421,476
	<u>6,365,333</u>	<u>6,818,836</u>

Note - 15

Inventories	2024	2023
Raw Materials	1,856,288,021	2,267,953,484
Packing Materials	264,752,480	247,821,565
Finished Goods	1,322,020,581	975,563,478
Work-in-Progress	251,177,281	140,495,164
Goods in Transits - R/M	124,328,349	6,870,851
Inventory - Formulation, Research & Dev.	23,348,477	26,414,306
Spare Parts - Plant & Machinery & Consumables	247,419,422	216,624,072
Fuel & Lubricants	4,610,371	4,931,857
Inventory - Stationery	4,478,607	4,014,966
Inv.Control - Loan Given	13,983,400	20,691,867
	<u>4,112,406,987</u>	<u>3,911,381,608</u>

Note - 16

Trade Debtors & Receivables	2024	2023
Debtors - SPC	2,030,400	3,780,000
(-) Provision for Doubtful Debts	-	(3,780,000)
Debtors - MSD	2,885,941,368	2,378,686,753
(-) Provision for Doubtful Debts	(1,115,639,437)	(1,108,484,710)
Debtors - Distributors	166,710,560	166,083,051
(-) Provision for Doubtful Debts	-	(1,080,000)
Distress Loans	57,235,143	55,245,938
Receivables	125,757,864	118,741,956
Cycle Loans	10,742,191	10,456,982
PAYE Tax	1,128,599	979,329
Festival Advance	1,499,000	1,492,500
Import Deposits Refunds	645,000	762,000
	<u>2,136,050,687</u>	<u>1,622,883,799</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note - 17

	2024	2023
Pre-Payments		
Advance Payments	1,422,044	3,822,429
Advance Payments - Machinery & Spare Parts	32,078,710	19,444,864
Prepayments	6,607,683	7,818,969
Prepaid Staff Cost	7,297,838	11,533,141
	<u>47,406,275</u>	<u>42,619,403</u>

Note - 18

	2024	2023
Other Financial Assets		
Treasury Bills	8,193,471,634	5,974,554,359
	<u>8,193,471,634</u>	<u>5,974,554,359</u>

Investment in Treasury Bills

REPOs 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

	2024	2023
Cash In Hand & at Bank		
Bank of Ceylon - Ratmalana	149,855	18,550
Bank of Ceylon - Corporate	288,586	2,173,504
Peoples Bank - Ratmalana	136,565	136,565
Peoples Bank - Corporate	87,349	48,435
Dollar Margin - BOC Corporate	-	466,399,254
Cash in Hand	100,000	100,000
Petty Cash	20,000	20,000
	<u>782,355</u>	<u>468,896,309</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note - 20

Stated Capital

Stated Capital is made up by Grant amounting to JY. 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 & Rs.2,416,094,044.00 as a Government Capital Investment and also the value of land amounting to Rs. 4,800,000.00 transferred from the State Pharmaceuticals Corporation.

Note 21 A

World Bank - Health System Preparedness Project

This project, approved on 7th May 2023, has been implemented through two separate procurements. The first tender focused on acquiring pharmaceutical manufacturing machinery, while the second tender was dedicated to expanding the existing Penicillin Zone. SPMC capitalized the following categories with their respective amounts for the year 2023.

	Amount (Rs.)
Mixing Machine	17,510,835
Capsule Filling Machine	53,961,607
Bulk Packing Line for small bottles	77,421,689
Tablet Compression Machine	56,357,730
Blister Packing Machine with Carton Packing	35,897,384
Penicillin Zone Refurbishment	196,997,091
	438,146,336

Amortization of the Grant Description	Balance as at 01.01.2024 (Rs.)	Amortization during the year (Rs.)	Balance as at 31.12.2024 (Rs.)
Mixing Machine	17,510,835	1,167,389	16,343,446
Capsule Filling Machine	53,961,607	3,597,440	50,364,167
Bulk Packing Line for small bottles	77,421,689	5,161,446	72,260,243
Tablet Compression Machine	56,357,730	3,757,182	52,600,548
Blister Packing Machine with Carton Packing	35,897,384	1,794,869	34,102,515
Penicillin Zone Refurbishment	196,997,091	9,849,855	187,147,236
	438,146,336	25,328,181	412,818,155

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note 21 B

Asian Development Bank - Energy Efficient Centralized Air Conditioning System

The Asian Development Bank has provided funding as a pilot project for the construction of centralized air conditioning systems for energy efficiency under the supervision of the Sri Lanka Sustainable Energy Authority.

Amortization of the Grant Description	Balance as at 01.01.2024 (Rs.)	Grant Received during the year (Rs.)	Amortization during the year (Rs.)	Balance as at 31.12.2024 (Rs.)
Energy Efficient Centralized A/C System	-	31,446,753	1,573,774	29,872,980
	-	31,446,753	1,573,774	29,872,980

Note - 22

	2024	2023
Net Retirement Benefit Obligation		
Present value of Defined Benefit Obligation	211,944,243	177,482,336
Fair value of Plan Asset	(218,273,714)	(192,040,008)
Net Retirement Benefit Obligation	(6,329,471)	(14,557,672)

	2024	2023
Movement of the Retirement Benefit Obligation		
Balance as at 01st of January	177,482,336	165,380,683
Interest Cost for the period	23,072,704	29,768,523
Current Service Cost for the period	13,411,030	9944092
Gratuity paid during the period	(25,190,440)	(15,097,410)
Actuarial (Gain) / Loss on PV-DBO	23,168,613	(12,513,552)
Balance as at 31st December	211,944,243	177,482,336

	2024	2023
Movement of the Plan Asset		
Value of Plan Asset as at 01st of January	192,040,008	157,014,115
Expected Return on Plan Asset	24,965,201	28,262,541
Contribution paid in to Plan Asset	-	-
Benefits paid out by the Plan Asset	-	-
Actuarial Gain / (Loss) on Plan Asset	1,268,505	6,763,352
Value of Plan Asset as at 31st December	218,273,714	192,040,008

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

	2024	2023
Plan Asset consist of the following		
Investment in Treasury Bill at NSB	218,273,714	192,040,008
	<u>218,273,714</u>	<u>192,040,008</u>

	2024	2023
Amounts recognised in the Income Statement		
Current and Past Service Cost	13,411,030	9,944,092
Interest Cost	23,072,704	29,768,523
Expected Return on Plan Asset	(24,965,201)	(28,262,541)
Net Amount	<u>11,518,533</u>	<u>11,450,074</u>

	2024	2023
Amounts recognised in the Other Comprehensive Income		
Actuarial Gain / (Loss) on PV - DBO	(23,168,613)	12,513,552
Actuarial Gain / (Loss) on Plan Asset	1,268,505	6,763,352
Total	<u>(21,900,108)</u>	<u>19,276,904</u>

Details of actuarial assumptions of the SPMC is as follows

	2024	2023
Actuarial Assumptions		
Discount Rate	11.00 %	13.00 %
Future Salary Increases	9.00 %	11.00 %
Staff Turnover Rate	4.00 %	2.00 %

The changes in Actuarial assumptions are due to the changes in market rates and changes in expected salary increases. There are no changes to the method and assumptions used in the sensitivity analysis performed in 2024 and 2023.

Mortality & Disability

Mortality Rates	Age	20	25	30	35	40	45	50	55
	Rate	0.00089	0.00069	0.00065	0.00086	0.00144	0.00264	0.00479	0.00844
Disability Rate	Age	20	25	30	35	40	45	50	55
	Rate	0.000089	0.000069	0.000065	0.000086	0.000144	0.000264	0.000479	0.000844

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Sensitivity of assumptions employed in Gratuity Liability Valuation

The following table demonstrates the impact on the Defined Benefit Obligation and Statement of Comprehensive Income of the changes in the significant actuarial assumptions employed with all other variables held constant in the Employee Benefit Liability measurement.

Variable changed (while all other assumptions remain unchanged)	Present Value of Defined Benefit Obligation Rs.
One Percentage Point Increase (+1%) in Discount Rate	197,118,475
One Percentage Point Decrease (-1%) in Discount Rate	228,860,464
One Percentage Point Increase (+1%) in Salary Escalation Rate (including allowance)	229,062,753
One Percentage Point Decrease (-1%) in Salary Escalation Rate (including allowance)	196,693,888

Employee Data

Summary of the active Employee data is set out below

Age Group	No.of Employees	Total Monthly Salaries Rs	Average Past Service in years	Average Future Working Life Time as per the assumptions made years
20 to 24	21	815,060	0.6	18.8
25 to 29	51	2,357,855	2.9	17.6
30 to 34	66	3,232,515	5.6	16.4
35 to 39	69	3,541,890	10.6	14.4
40 to 44	37	2,026,355	12.9	12.3
45 to 49	27	1,623,350	17.4	10.3
50 to 54	46	3,199,885	24.4	6.7
> 55	24	1,779,235	28.5	2.9
Total	341	18,576,145	11.8	13.1

Note - 23

	2024	2023
Deferred Tax Liability		
Balance at the Beginning of the Year	389,492,010	557,467,909
Charge/(Reversal) as Deferred Tax during the year	(34,121,620)	(167,975,898)
	<u>355,370,390</u>	<u>389,492,010</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024

Note - 24

	2024	2023
Trade and Other Payables		
Creditors Control - Packing Materials	12,123,396	48,943,051
Creditors Control - Raw Materials	48,487,562	44,383,924
Creditors Control - Stationery	1,464,522	4,058,194
Creditors Control - Equipment & Machinery	3,318,380	4,893,920
Creditors Control - Chemicals	2,423,081	-
Creditors Control - General	504,300,492	409,031,466
Creditors Control - Bank	103,359,305	92,353,154
Creditors Control - Employees	5,700,062	4,413,901
Creditors Control - Services	10,447,358	11,348,245
Creditors Control - Joint Ventures	3,961,173,602	3,397,477,435
Employee Security Guarantee - Finance	11,490	11,194
Employee Security Guarantee - Stores	447,483	410,282
Bid Bonds Payable	36,487,144	34,311,367
EPF & ETF Payables - 28%	-	(2,432)
Salaries Control	-	46,355
Inventory Control - Loan taken	125,375	684,802
	<u>4,689,869,251</u>	<u>4,052,364,858</u>

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	26,288,144,615
State Pharmaceuticals Corporation - Through Distribution	Customer	Sale of Goods	27,865,997
- Through Tenders	Customer	Sale of Goods	-
Distribution			1,886,071,208
Total			<u>28,202,081,820</u>

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MSU/C/SPMC/1/24/28

On 12th June 2025

Chairman
State Pharmaceutical Manufacturing Corporation

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirement of the State Pharmaceutical Manufacturing Corporation for the year ended 31 December 2024 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 Pharmaceutical Manufacturing Corporation for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the 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. In accordance with Article 154 (6) of the Constitution, my report will be tabled in Parliament in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2024 and its financial performance and its 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 (SLAuSs). My responsibilities under those standards are further described in the Auditor's Responsibility 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.

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1.3 Other Information Included in the Annual Report 2024 of the Corporation

Information, included in the Annual Report – 2024 of the Corporation anticipated to be provided to me subsequent to the date of this audit report, but not included in the financial statements and in my audit report thereon is called as the other information. Management is responsible for the other information.

My opinion on financial statements does not cover any other information and I do not express any kind of assurance or opinion on it.

In relation to my audit on the financial statements, it is my responsibility to read the other information identified above when such information is available and to consider in reading so whether other information is materially inconsistent with the financial statements or with my knowledge obtained during the audit or otherwise.

If I conclude that there are material misstatements when reading the Annual Report 2024 of the Corporation, those matters should be communicated to Those Charged with Governance for correction. If there are any further unrectified misstatements, they will be included in the report, which will be tabled in Parliament by me in due course in accordance with Article 154 (6) of the Constitution.

1.4 Responsibilities of the 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, 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 intends 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.

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1.5 Auditor's Responsibility 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- 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. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. 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.

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2. Report on Other Legal and Regulatory Requirements

2.1 Specific provisions are included in the following requirements of the National Audit Act, No. 19 of 2018.

2.1.1 I have obtained all the information and explanations necessary for the audit according to the requirements as specified in Section 12 (a) Section of the National Audit Act, No. 19 of 2018, and as far as appears from my examination, the Corporation has maintained proper financial records.

2.1.2 The financial statements of the Corporation presented is consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 To state that any member of the governing body of the Corporation has any direct or indirect interest in any contract entered into by the Corporation which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 To state that the Institution has not complied with any applicable written law, general and special directions issued by the governing body of the Institution as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for the following observation;

Reference to Laws, Rules and Regulations	Non-compliance
(a) National Medicines Regulatory Authority Act, No. 05 of 2015	
(i) Section 64 (1)	The renewal of the registration of 08 medicines had been delayed for a period ranging from 107 days to 219 days due to non-submission of documents related to those 08 medicines, for which the registration should be renewed in the year under review, to the National Medicines Regulatory Authority within the due period.
(ii) Section 64(2)	Even though the relevant charges had been paid for the renewal of registration of 07 medicines, the renewal of registration for those medicines was delayed by the Medicines Regulatory Authority due to non-submission of the required documents.

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(b) The Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
(i) Financial Regulations 3 (2) (iii)	A pre-feasibility study had not been conducted for the Lotus Pharma project, which was initiated with the aim of establishing 05 manufacturing factories covering the basic pharmaceutical needs of the country, and a total of Rs. 377.99 million had been paid from 2021 to the year under review comprised of Rs. 55.58 million for procurement activities and employee salaries as well as Rs. 322.41 million for the purchase of the relevant land.
(ii) Financial Regulation 110	A register of loss and damages had not been maintained.
(c) Paragraph 2.10 of Chapter VI of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	Although it is required to report full details of all the appointments including acting and probationary appointments, changes in salary increments, dismissals from service, resignations and retirements, reinstatements and deaths should be reported to the Auditor General from time to time, action had not been taken accordingly.
(d) Paragraph 02 of Public Administration Circular No. 6/97 dated 03 February 1997.	Although the period of acting should be subject to a maximum of 3 months, an officer was recruited on acting basis for the post of Deputy General Manager (Formulation and Research) for a continuous period of more than 09 years and an acting allowance of Rs. 1,541,368 had been paid. In addition to that, two female officers were appointed on acting basis for the posts of Deputy General Manager (Human Resources) and Deputy General Manager (Marketing) with effect from 31 December 2022.
(e) Paragraph VI of the Management Services Circular No. 02/2020 dated 26 October 2020	Although a formal succession plan should be prepared to fill the relevant vacancies in the retirement of employees of the approved staff, action had not been taken accordingly.
(f) paragraph 3 (a) of the Circular of the Ministry of Finance bearing No. F.M. 01/2015/01 dated 15 May 2015 and the letter of the Senior Assistant Secretary (Administration) of the Ministry of Health dated 14 March 2023	An amount of Rs. 1,689,108, which had been paid in excess as incidental allowances and combine allowances by deviating from the instructions prescribed, had not been recovered even by the end of the year under review.

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(g) 4.2.1 and 4.2.2 of the Government Procurement Guidelines	A procurement plan expected for a period of at least 03 years and a procurement schedule that chronologically describes the steps of each procurement process from the beginning to the end of each procurement activity had not been prepared.
(h) Paragraph 5.3 of the Operations Manual for Public Enterprises as published by Public Enterprises Circular No. 01/2021 dated 16 November 2021	Although it had been expected that at least thirty percent of the profit after tax would be credited to the Consolidated Fund as stated in the Companies Act, No. 7 of 2007, and although the portion corresponding to 30 percent of the profit after tax for the year 2023 had been Rs.455,566,592, only Rs.300,000,000 had been credited to the Consolidated Fund.
(i) Guidelines on Corporate Governance for State-Owned Enterprises as published by Circular No. 01/2021 dated 16 November 2021	
(i) Paragraph 2.6	Although there should be a Board Secretary, who had completed the qualifications relevant to a member of the top management level within the approved staff, action had not been taken to recruit a qualified Board Secretary.
(ii) Paragraph 3.2	Although the annual performance review meeting should be held 5 months after the balance sheet date and before the annual report is presented to Parliament, the said meeting for the year 2023 had not been held.
(iii) Part 2 (a) of Annexure 01 in Section 3.2	Although the financial estimated value should be stated for each activity of the annual action plan, the financial estimated value had not been stated for each activity in the Human Resources Division.
(iv) Paragraph 4.3	Although the Risk Committee meetings should have been held at least once in every 03 months, only 02 meetings had been held in the year under review.

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(j) The decisions of the Board of Directors bearing No. BP/30/15 dated 04 June, 2015 and No. BP/62/22 dated 22 September 2022	Even though the bicycle loan paid to the employees of the Corporation had been increased from Rs. 20,000 to Rs. 75,000, the approval of the Director General of the Department of Public Enterprises had not been obtained for this.
(k) Agreement for joint ventures between the Corporation and other pharmaceutical manufacturers	
(i) Section 5.2.4	Although investors were required to commence construction of their manufacturing plants within 03 months of signing the agreements, relevant information regarding 07 investors had not been examined.
(ii) Section 3.16	Although the Medicom Joint Venture was supposed to manufacture 16 pharmaceutical items and supply them to the State Pharmaceutical Manufacturing Corporation, any medicine had not been supplied during the year under review.

2.2.3 to state that the Institution has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Institution had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act No. 19 of 2018.

(a) Although it is stated in Section 4.3 of the Procurement Guidelines that the total cost estimate or engineering estimate, including all related costs related to the procurement, should be prepared by the procurement entity and the total cost estimate should be approved by the Departmental Procurement Committee in accordance with Section 4.3.2, total cost estimate had not been prepared in relation to the procurement of the supply and installation of the ceiling of the Quality Control Laboratory of the Corporation and the following shortcomings were also observed.

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(i). Although a procurement process should be initiated without a firm commitment that the funds required for the procurement have been allocated in accordance with 4.1.1 (c) of the Procurement Guidelines, Rs. 03 million, out of the funds of Rs. 5 million required for the said procurement, had been allocated as per the annual budget of the 2024, but the approval of the Finance Division had not been obtained for obtaining the remaining funds of Rs. 2 million up to 02.02.2024, the date on which the contract was awarded to the contractor.

(ii). Even though a performance security of five percent of the estimated contract amount should be obtained from the contractor to protect the procurement entity in a way that it is valid for another 28 days after the expected date of completion of the contract in case the contractor breaches the contract agreement in accordance with Section 5.4.8 of the Procurement Guidelines, a performance security had not been obtained.

(iii). Although it had been indicated that information on the experience and past performance of the bidders on similar contracts under the pre-qualification test should be obtained from the bidders as per Section 3.12.2 of the Procurement Guidelines, such information had not been obtained from the selected bidder and only details of a bank account for a period of about one year from 24.12.2022, which had been the date of commencement of the business, had been submitted.

(iv). Although it had been stipulated that a formal contract agreement should be signed by both parties with the issuance of a formal letter of acceptance to the selected bidder by the procurement entity for work contracts exceeding Rs. 250,000 in terms of Section 8.9.1 of the Procurement Guidelines, the entity had not taken steps to sign a formal contract agreement for the contract.

2.3 Other matters

(a) The Medical Supplies Division had not taken action to recover from the joint ventures the amount of Rs. 1,106,420,551 charged by the Medical Supplies Division from the Corporation as late fees due to price fluctuations of medicines and non-supply of medicines within the due period for invoices related to the medicines of the joint ventures supplied to the Medical Supplies Division from the year 2018 to 2024 included in the Trade Debtors Medical Supplies Accounts of the Corporation.

(b) Although the creditor balance arising on purchases from joint ventures should be settled within 60 days as per the agreement, it was observed that there was a balance of Rs. 1,661,541,201, which was overdue for 60 days, within the balance payable for joint ventures amounting to Rs. 4,399,405,216 as at 31 December 2024.

(c) One hundred and thirty-five (135) items with a cost of Rs. 119,158,776 included in non-current assets as at 31 December 2024 had not been physically verified.

(d) It was revealed in the examination about a sum of Rs. 27,550,136, which had been outstanding for more than 7 years within the balance of Rs. 73,582,498 in the work in progress account, that it was an uneconomical expenditure incurred since 2018 for a four-storied administrative building that had not been constructed so far.

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(e) Although a stock of raw materials worth Rs. 13,557,223 had been issued by the Corporation to joint ventures on credit basis on 03 March 2023 under the Exchange Scheme of Pharmaceutical Raw Materials, action had not been taken to recover the relevant amount for more than two years.

(f) During the year under review, Rs. 25,780.89 million received from the Department of Treasury Operations on 16 occasions for medicines supplied by the Corporation to the Medical Supplies Division had been credited to the debtors account without identifying correctly by reconciling with the relevant supply invoices.

(g) Although 08 types of medicines with a high demand in the pharmaceutical market developed by the Research and Development Division were submitted in the year 2023 for approval by the National Medicines Regulatory Authority as commercial products, approval had not been received for those commercial products for more than 1½ years due to not submitting of the required documents that should be submitted along with them.

(h) The registration certificates of the medicines of Flucloxacillin Capsule BP 500 mg and Mebendazole Tab USP 100 mg had expired on 16 and 17 December 2024 respectively and the Corporation had not taken steps to renew the said certificates on the due dates and the National Medicines Regulatory Authority had renewed the registration on 29 January 2025 and 01 February 2025 respectively. Therefore, it was not possible to the Corporation to supply the medicines for the relevant orders of medicines requested by the Medical Supplies Division. Accordingly, medicines costed at Rs. 26,177,276 as at 31 December 2024 were left in the warehouse of the Medical Supplies Division of the Corporation.

(i) Although the medicine called as Clopidogrel Tablets USP 75 mg (500 Pack Size) was introduced in the year 2020 for manufacturing it as a new drug within the Corporation, the manufacture of that medicine had failed due to weaknesses in its production formula. Although it was possible to achieve a profit of 10 percent on the supply of this medicine by developing the production formula of it and producing it within the Corporation for the needs of the Medical Supplies Division, the Corporation had not acted accordingly and supplied only 1700 packs through joint ventures with a profit of 6 percent.

(j) A sum of Rs. 438,146,336 was received under World Bank assistance for the expansion and renovation of the penicillin zone and the purchase of pharmaceutical equipment, and the Corporation had also incurred a cost of Rs. 24,895,256 for that. It was expected to increase the production capacity of the plant and develop a new low-humidity area for new products such as Co-Amoxiclav tablets by purchasing of high-speed capsule filling machines and other pharmaceutical machinery for the penicillin zone. Although it was planned to produce 261 million capsules of the five types of penicillin capsules currently being produced in the penicillin zone in the year under review, only 191 million capsules were produced and 275 million capsules were produced in the year 2019. Accordingly, although the penicillin zone was improved, significant progress had not been achieved.

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(k) An order bearing No. 2024/SPM/N/R/P/00029 was issued to the State Pharmaceutical Manufacturing Corporation from the Medical Supplies Division on 06 September 2023 for the purchase of 7.5 million of Tramadol Hydrochloride Capsule 50 mg. Accordingly, although 4 million and 3.5 million capsules of the medicine were to be supplied within the stipulated time frame on 06 January 2024 and 06 May 2024 respectively, only 5.256 million capsules of the medicine were supplied for the relevant order during the year 2024 and due to late supply of medicines, the Corporation had to pay a late fee of Rs. 1.298 million for 05 bills to the Medical Supplies Division. Although it was expected to generate a sales revenue of Rs. 118.57 million by selling 7.5 million units of the medicine according to the marketing plan of the Corporation, only a sales revenue of Rs. 60.175 million was generated during the year under review.

(l) Although it was expected to produce 84 million units of Metformin BP 500 mg as per the production plan for the year under review, only 9.28 million units were manufactured and released to the private market. Although it was possible to earn a profit of 12 percent by manufacturing this medicine within the Corporation, an order of Rs. 50 million received from the Medical Supplies Division under order No. 2024/SPM/N/R/P/00015 was given to Sands Active Pharmaceuticals and a profit of only 06 percent was earned. Furthermore, the order for medicines bearing No. 2024/SPM/N/R/P/00015 of the Medical Supplies Division had been given to the Corporation and its joint ventures of the Corporation, namely Celogen Lanka Private Limited and Sands Active Private Limited for the supply of 250 million units of medicines, and the Corporation had to pay a fine of Rs.12,311,005 as Celogen Lanka Limited had not supplied the medicines within the stipulated time frame. However, the Corporation had not taken steps to recover the relevant fine from Celogen Lanka Limited.

(m) It had not been planned within the marketing plan, production plan and procurement plan for the year under review to manufacture, sell and purchase of pharmaceutical raw materials for the medicine called as Rosuvastatin Tablets IP 10 mg, which has a higher market demand. Seventy-five (75) kilograms of pharmaceutical raw materials costed at Rs. 12,991,560 had not been used for production up to June 2024 and the Corporation had not received proper benefits for the costs incurred during the relevant period due to the fact that the raw materials had not been purchased in accordance with the existing production facilities of the institution and the feasible production timeframe. Furthermore, the quality of the raw materials was checked after a year, i.e. on 24 June 2024, and the quality control department of the Corporation had confirmed that the stock of raw materials did not comply with the IP specifications. However, the relevant stock had not been returned and appropriate pharmaceutical raw materials had not been obtained from the supplier instead of that stock.

(n) Although there were technical defects in the medicine called Aspirin AR Tablets 75 mg, it had been purchased in 2022 and 2023 regardless of that and 641 kg of Aspirin AR pharmaceutical raw materials costed at Rs. 1,786,398 underutilized and remained in the warehouse.

(o) Although six hundred (600) kilograms of Pharmaceutical raw material of Chloroquine Phosphate BP costed at Rs. 6,698,610, which had been purchased in the year 2020 with the intention of using it for the Covid – 19 pandemic, and to be expired on 31 March 2025 had been remained idly in the warehouse premises during the year under review as well, action had not been taken to re-export the raw material to the supplier or sell it to another party.

AUDITORS GENERAL REPORT



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(p) As per the production plan for the year under review, the budgeted production was 4,020 million of pharmaceutical units and the actual production was 3,146.54 million of pharmaceutical units, and as a result, the adverse variance of pharmaceutical units had been 874.3 million. This was a decrease in production of medicines by 381.08 million of pharmaceutical units compared to the previous year.

(q) Although about 29 new types of medicines were introduced during the period from 2018 to 2024, those introductions had not made a sufficient contribution to the product mix of the Corporation due to insufficient attention being paid to the continuous production and promotion of the newly introduced medicines, except for a few drugs with high demand.

(r) Production of certain medicines manufactured in the year under review had been stopped on 14 occasions and reworked incurring an additional cost due to increased risk of breaking of tablets manufactured in the year under review into small pieces, variations in the weight of the tablets, poor appearance and difficulty in breaking the tablets. Even though it is an action outside the normal production process, appropriate control measures had not been introduced to minimize these adverse conditions that occur in the production process every year.

(s) Although the conditions to be followed in supplying medicines to the Medical Supplies Division had been informed by the letter of the Medical Supplies Division bearing No. MSD/SB11/SPMC/ORD/PO/2017 dated 04 April 2017, the Corporation had not taken steps to include those conditions in the agreements entered into by the Corporation with the joint ventures. Accordingly, although the effective shelf life of the relevant medicine should be at least 85 percent at the time of distributing those medicines to the Medical Supplies Division, it was stated in the agreements with joint ventures that it should be 75 percent, and in cases where the medicines are not , a value equal to the total invoice value for that category and an administrative fee of 25 percent of the invoice value are charged for the proper destruction of the drugs, but such terms are not included in the joint venture agreements. Although total invoice value related to that category and an administrative fee of 25 percent of the invoice value are charged for the proper destruction of the medicines in cases where the medicine are not in conformity with standards, such terms were not included in the joint venture agreements, and although it was stated that fines would be charged in case of late deliveries, the Corporation alone had to bear the relevant liabilities and losses as the related conditions were not included in the joint venture agreements.

(t) It had been planned to establish 05 manufacturing plants covering the basic pharmaceutical needs of the country in the proposed Lotus Pharma new manufacturing facility, and an estimated cost of Rs. 4,349.2 million, equivalent to US\$ 13.1 million was estimated for the establishment of a factory for the production of generic oral medicines as the first phase after 03 years. Although it had been stated that the area of 20 acres was sufficient to construct the 03 manufacturing plants expected under this project according to the paper of the Board of Directors bearing No. BP/44/22 dated 20 October 2022 and the decision of the Board of Directors dated 07 October, 65 acres had been purchased at a cost of Rs. 322.4 million. Although the Cabinet Appointed Procurement Committee met on 02 February 2024 had informed that a feasibility study should be conducted covering every field related to the project, action had not been taken for that purpose. Although this project was expected to be completed in 03 years according to the five-year plan from 2022 to 2026, the physical progress of it had been zero although 03 years and 05 months had elapsed by 27 May 2025, the date of audit.

AUDITORS GENERAL REPORT



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(u) Although only the ground floor of an area of about 3,762 square feet, of the four-storeyed building with an area of 18,439 square feet in Bulathsinhala owned by the Corporation, was utilized for the storage purposes of the Corporation, the other 3 floors, which have an area of about 10,837 square feet, were idle without optimal use. Furthermore, 30 auditorium chairs and 10 porch chairs acquired for the purpose of establishing a common testing laboratory and a training school in the building had not been utilized for a period of 05 years and the goods were deteriorating.

(v) Although the Board of Directors of the Corporation had approved the proposal to install an efficient cooling system that would meet the cooling demand prepared in accordance with the recommendations of the detailed energy audit conducted in 2019 on the adequacy of the cooling system currently used by the Corporation, it had not been implemented until the end of the year under review.

(w) The total sales estimate of the Corporation during the year under review was Rs.29,250.25 million and the actual sales revenue was Rs. 28,202.08 million. Although the total sales had increased as a result of the increase in the contribution of joint venture products during the period from 2019 to 2024, the contribution of the products of the Corporation to the sales revenue of the Corporation had decreased. Accordingly, the contribution of joint ventures to the total revenue during the year under review had been Rs. 20,149.08 million, or 71.4 percent and the contribution of the Corporation was Rs. 8,053 million or 28.6 percent.

(x) The medicine called Paracetamol was introduced to the market under the brand name of Pacidol in the year 2016, and 720,000 packaging units of this medicine were sold during the year under review and it had been planned to earn a sum of Rs.178,200,000. Although promotional expenses were also incurred to promote the brand of this medicine, which has a high market demand and does not require prescriptions, the quantity sold in the year under review was 114,150 Pacidol packaging units as manufacturing had not taken place as planned, and the income earned from it was only Rs. 30,513,176.

(y) Local market distributors had requested 32.81 million units of Ciprofloxacin Tablets USP 500 mg from January to October 2024. a very small quantity of 2.36 million units of the medicine had been supplied as at 23 October 2024. According to the sales plan of the Corporation for the year under review, plans were made to sell 13.5 million and 13.2 million units of Ciprofloxacin USP 250 mg and 500 mg respectively, and the production department had failed to produce any unit of Ciprofloxacin Tab 250 mg during the year under review. Although there was a large stock of pharmaceutical raw materials of Ciprofloxacin HCL USP to manufacture Ciprofloxacin Tab USP 250 mg and 500 mg, which have a high demand from local market distributors, the Corporation had lost a high amount of revenue due to the inability of the production department to manufacture the medicines in the proper time.

(z) The approved cadre of the Corporation as at 30 April 2025 was 449 and the actual number of cadre was 334. Therefore, the vacancies in cadre was 115. Accordingly, 10 posts including 02 key posts in the Human Resources and Finance sectors, 82 Posts in non-executive grade and 23 posts of minor employees were remained vacant.

AUDITORS GENERAL REPORT



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(a1) The scheme of recruitment had been approved by the Department of Management Services on 28 March 2013 and since revisions approved from time to time and a scheme of recruitment comprised of new posts are followed after getting that approval, the recruitment process had become complex and it had been possible under this to recruit under different qualifications for posts belonging to the same category.

(a2) Although the applications had been invited through newspaper advertisements on 6 occasions during the period from 04 October 2018 to 01 December 2024 to recruit an officer for the post of Deputy General Manager (Formulation and Research), action had not been taken to recruit a suitable officer and a manager had been appointed to perform the duties of the post since 2016.

(a3) There was no Post of Secretary to the Board of Directors in the approved staff of the Corporation, and only 02 posts of Personal Secretary in the junior management level had been approved. Accordingly, the duties of carrying out certain activities related to the Board Papers and meetings of the Board of Directors had also been assigned to the Private Secretary in writing.

(a4) An officer who had been selected for the Post of Quality Control Officer as an internal applicant was given 25 marks in relation to performance in the interview conducted for the recruitment of officers for 02 Posts of Quality Control Officer in the year under review and other internal applicants were given marks lower as 5 and 7 marks and all the members of the interview board had given marks together in relation to performance. Therefore, it was not observed during the audit that the said interview board had acted independently and impartially without taking action to recruit a targeted candidate.

G. H. D. Dharmapala
Auditor General (Acting)

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

2.2.2

(a) National Medicines Regulatory Authority Act, No. 05 of 2015

(i) Section 64 (1)

Due to non-submission of documents related to 08 medicines, for which the registration should be renewed in the year under review, to the National Medicines Regulatory Authority within the due time, and owing to the other external factors, renewal of the registration of those medicines had been delayed for a period ranging from 30 to 90 days.

Steps are currently being taken to manage and prevent such delays.

(ii) Section 64 (2)

Although the relevant fees had been paid for the renewal of the registration of 07 of those medicines, the National Medicines Regulatory Authority had also delayed the renewal of the registration of those medicines due to the delay in submitting the necessary documents.

Actions are being taken to manage and prevent such delays.

(b)

(i) It has been taken into consideration. Moreover, a committee was appointed by the Advisory Committee of the Ministry to conduct a feasibility study in this regard and it is expected to act in the future as per the recommendations and instructions of the committee appointed to conduct such a feasibility study.

(ii) F.R. 110 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Action has been taken to maintain a loss and damage register for the institution for the year 2025. Action has been taken to maintain it properly for the year 2025.

(c) Paragraph 2.10 of Chapter VI

It has been scheduled to take necessary action to submit information on all the appointments made in the future to the Auditor General through the Head of the Department.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

(d) Paragraph 2 of the Public Administration Circular No. 6/97 dated 03 February 1997

Position	Date of Publishing the Newspaper Advertisements	Number of Applications Received	Actions taken to recruit
Deputy General Manager - Human Resources	2017.07.02	11	Interviews were conducted on 15.08.2017 and an officer was recruited on 20.09.2017 on contract basis.
	2018.09.23	09	Interviews were conducted on 27.06.2019, but there was no suitable candidate for being recruited.
	2019.09.08	07	There were no eligible applications.
	2020.09.20	29	Interviews were conducted on 01.12.2021 and an officer was recruited on 18.01.2022 and he resigned from the service on 01.12.2022.
	2024.12.01	15	Interviews were conducted on 18.03.2025, but there was no suitable candidate for being recruited.
Deputy General Manager - Finance	2025.03.16		This position remained vacant since 14.02.2024 and approval was obtained from the Board of Directors and the Prime Minister's Committee to make recruitment for this position. Applications called on 16.03.2025 have been received to the Office of the General Manager.
Deputy General Manager - Formulation, Research and Development	2018.10.04 2019.02.24 2019.09.08 2021.12.12	01 05 03 07	There were no eligible applications.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

Deputy General Manager - Formulation, Research and Development	2020.09.20	12	Interviews were conducted on 01.12.2021, but the candidate had not attended the interview.
	2024.12.01	08	There were no eligible applications.
Deputy General Manager – Quality Control	2019.05.26	02	There were no eligible applications
	2019.09.08	06	There were no eligible applications
	2020.09.20	12	Interviews were conducted on 01.12.2021, but the candidate had not attended the interview.
	2021.12.12	10	Interviews were conducted on 29.03.2022, but there had been no suitable candidate for recruiting.
	2024.12.01	09	There were no eligible applications.

e. 3.4 (X) of the Operational Manual for the State Owned Enterprises (SOEs) dated 16 November 2021 and Paragraph VI of the Management Services Circular No. 02/2020 dated 26 October 2020

A written request was made to the Department of Human Resources Management of the University of Sri Jayawardenepura for getting instructions.

f. We have already taken steps to recover the amount from several officers and since the rest of the officers have submitted a written appeal to the Secretary to the Ministry in this regard, we would like to inform you that action will be taken in the future based on the response given in this regard.

g. Guidelines 4.2.1 and 4.2.2 of the Government Procurement Guidelines

The procurement plan and the procurement schedule are being prepared for the procurements that are carried out currently.

h. Section 5.3

The necessary funds of the institution have been managed and action has been taken to provide, the maximum amount that can be provided to the General Treasury, to the Consolidated Fund.

i. Guidelines on Corporate Governance for State Owned Enterprises published in Circular No. 01/2021 dated 16 November 2021

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

i Paragraph 2.6

The specifications required for the recruitment to this position have been prepared and the specifications have been referred to get the approval of the Procurement Board for inviting bids.

ii Paragraph 3.2

The Annual Performance Review Meeting to be held for the year 2023 could not be held due to various circumstances prevailed in the year 2024 and due to the absence of a Board of Directors since September 2024. Although arrangements were made to hold this meeting for the year 2024 on 25 March 2025, it was postponed to another date as the members of the General Treasury could not attend that meeting. In the future, arrangements will be made to hold this meeting as scheduled

iii Paragraph 3.2

In the future, it has been scheduled to take necessary steps to indicate the financial estimated value for each activity of the action plan.

iv Paragraph 4.3

In the year under review, 02 Risk Committee meetings have been held and the Risk Committee meetings could not be held in the last quarter as the Board of Directors had not been appointed during the relevant period.

j. Decision of the Board of Directors bearing No. BP/30/15 dated 04 June 2015 and No. BP/62/22 dated 22 September 2022

A written request had been submitted to the Director General of the Department of Public Enterprises to get the approval in this regard, and a proper response has not yet been received. Moreover, the Director General was met and discussed regarding this approval and he has informed that he will be granting approval in the future. Action is being taken continuously in this regard.

k.

i We monitor the construction activities of manufacturing facilities of the investors, who have established joint ventures. For example, Greenthrough companies have informed us to come and see the construction activities of their manufacturing facilities and we monitored those construction activities.

ii Taken into consideration.

In the year 2022, Medicom had not properly supplied the products approved by the Price Committee. Therefore, supply performance level of Medicom became very poor due to the failure in properly supplying the medicines required by the Medical Supplies Division, and therefore, medicines were not purchased from them.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

2.2.4

a. A brief explanation of this project is given below.

This procurement was carried out based on the sub-projects carried out by SPMC as a support and as ancillary components of the project of establishing a AC system with state-of-the-art facilities and high-efficiency, which was provided free of charge by the Asian Development Bank (ADB) and SEA to the Quality Control Laboratory as a pilot project.

This centralized air conditioning system was a system worth about US\$ 100,000.00 (LRK 35,000,000.00) at that time, and equipped with the most modern features, and it was a donation made completely free of charge based on the mutual affability and understanding of all parties.

In relation to the above main project, only a few very minor requirements remained to be fulfilled by SPMC. They are,

01. Providing necessary support for all activities.
02. Removing the ceiling and making room for Ducting
03. Installing a suitable new ceiling
04. Activities related to making necessary openings for ducting
05. Providing electricity and other facilities as required

Accordingly, it was difficult to carry out the sub-projects including them in one scope in addition to the main project and each service provider was different. Accordingly, preparing a total cost estimate for the different services in a short time was not an easy task practically.

Accordingly, we hope to carry out the necessary activities to prepare a total cost estimate when obtaining such services in the future.

i As explained above, since these sub-projects were carried out as emergency work, obtaining the approval of the Finance Division for the financial deficiency and awarding the contract have been done simultaneously.

ii The letter of award for this work was sent on 02.02.2024 and the entire project was scheduled to be completed before 08.02.2024. Accordingly, since this was carried out as an emergency work, obtaining a performance security was avoided.

Therefore, we hope to take necessary steps to obtain a performance bond when obtaining such services in the future.

iii Details of the projects carried out in Narammala and Badulla as pre-qualifications have been submitted with the bidding documents. (File Folio – 22/52 – 22/53)

Since this invitation for bids was a emergency and essential matter, this tender has been awarded, out of the two bids submitted, considering the records of bank accounts for one year.

iv This entire project was scheduled to be completed before 08.02.2024. Since this was a very emergency matter, there was no enough time to prepare and sign a formal contract agreement.

Accordingly, we hope to prepare and sign a contract agreement when obtaining such services in the future.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

2.3. Other Matters

a. In this regard, it has been informed in writing that the amounts will be recovered from the relevant joint ventures. In particular, these charges recovered from the Medical Supplies Division have been re-examined and the relevant amounts that should be recovered would be notified in writing as soon as possible and action is being taken to recover the amounts. Moreover, the relevant recoveries for the year 2025 have already been charged.

b. According to the amount of money released from the General Treasury, the relevant funds will be managed according to the needs of the institution and the relevant payments will be distributed among the joint ventures in the maximum possible manner. In the future, the funds required for the operational activities of the institution will be managed according to the way that money is received from the General Treasury, and the relevant payable balances will be minimized to the maximum.

c. Fixed assets that were not physically present when conducting the fixed assets survey for the year 2024 should be re-examined to examine whether they were actually not present. Sometimes, due to omissions occurred owing to the detachment of numbers of fixed assets and failure to update the transfer of fixed assets properly, they may not be physically surveyed. A new method is being planned to prevent the detachment of identification numbers of assets, and steps will be taken to minimize this problem in the future.

d. A sum of Rs. 27,550,136 has already been spent on the administrative building included in the work in progress account and since the top management has not yet taken a specific decision regarding the construction of this administrative building, there is the possibility of constructing the administrative building in the future and the administrative building should be maintained in the work in progress account.

f. The settlement of bills related to the supply invoices amounting to Rs. 25,780,890,000.00 received from the General Treasury for medical supplies in the year 2024 has been correctly accounted. That is, about 96% of the bill settlements have been identified for the year 2024 and bill settlements had not been received only for a small amount of bills. A debtor time analysis can be prepared for the year 2024, and a time analysis cannot be done for the closing balance of the year 2024 as the bills have not yet been settled in relation to the invoice values of Rs. 19,452,851,018.67 for the year 2023. Action is being taken continuously with the Medical Supplies Division to settle these bills.

g. Approval was received in the year 2024 for 04 medicines, out of the 12 medicines developed by the Research and Development Division and submitted in the year 2023 for getting the approval of the National Medicines Regulatory Authority for commercial production. Those medicines are,

1. Celecoxib Capsule 200 mg
2. Montelukast Tablets 5 mg
3. Montelukast Tablets 10 mg
4. Methyl Prednisolone Tablets 4 mg

The approval of the National Medicines Regulatory Authority has already been received in the year 2025 for the medicine called Levetiracetam Tablets USP 250 mg, out of the remaining 08 medicines.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

The Corporation has already submitted to the NMRA the documents required for the registration of several of the remaining 07 medicines. Furthermore, the Corporation is still preparing the documents required for the registration of the remaining medicines and it is expected to prepare the documents promptly and submit them for the approval of the NMRA.

h. Due to the delay in the registration of these medicines, it was possible to deliver the order quantity, which could not be delivered in December 2024, by January 2025.

i. Action is being taken to develop the formula of the medicine called Clopidogrel Tablets USP 75 mg.

j. The production of new antibiotics in the penicillin region needs to be further studied. It is expected to carry out the work in the future to produce the medicine called Co – Amoxiclav.

k. The Medical Supplies Division had placed an order for 7.5 million tablets for the item of Tramadol Capsules 50mg under the number 2024/SPM/N/R/P/00029 for the year 2024. Moreover, 5.256 million finished stock units received from the Production Department in relation to this order were supplied to the Medical Supplies Division.

Even though it is true that paying fines by the State Pharmaceutical Manufacturing Corporation by providing the supplies related to the order of the Medical Supplies Division with a delay in the requested timeframe is unfavorable to the Corporation, the monthly supply quantities requested by them do not comply with the monthly production capacities of the Corporation when considering the supply timelines of all the orders placed by the Medical Supplies Division for the year and certain problems that arise in the manufacture of the product portfolio carried out in our manufacturing plant are the reasons for this.

Therefore, we have requested from the Medical Supplies Division to provide the delivery time frames of the orders on a monthly and reasonable basis when such orders are placed and we expect to take steps to supply these orders within the relevant time frame, considering it as a collective responsibility of all the Departments of the Corporation.

l. It has been planned to manufacture the medicine called Metformin BP 500 mg in the year 2025.

m. The supplier has agreed to replace the stock again and the necessary steps are being taken. The supplier has informed that the relevant approvals for customs clearance in the country of the supplier was being obtained as the final stage of this process.

o. In 2020, the Covid-19 pandemic spread very severely and the medicine called Chloroquine Phosphate BP 250mg was recommended to use worldwide for the Covid-19 pandemic. We could produce five million of Chloroquine Phosphate BP 250mg tablets in a very short time using the stock of the pharmaceutical raw materials of Chloroquine Phosphate that we had at that time, and provide them to the Medical Supplies Division to be used for the need of the country.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

After recommending to use the medicine called Chloroquine Phosphate for the Covid-19 pandemic, the demand for this pharmaceutical raw material of Chloroquine Phosphate was increased greatly in the world market and believing that our Corporation has the responsibility to provide this medicine for the people of Sri Lanka, we took steps to quickly procure an amount of 600kg as per the instructions of the Medical Supplies Division. This procurement was made with the noble aim of fulfilling our duty to the people of the country in such a pandemic situation.

However, since this medicine was not used as expected, this stock could not be used.

It has been requested to IPCA Laboratories – India (19/01/2021, 27/02/2023) to investigate the possibility of re-exporting this stock. It has also been requested to investigate the possibility of providing this stock or its products to the United Nations Children's Fund – Thailand (29/06/2020).

Requests have been made to the Additional Secretary (Health Services) of the Ministry of Health to coordinate with this matter if this medicine that had been produced or the stock of pharmaceutical raw material is required by a local or foreign party and we have been informed that the possibility of providing this stock as a grant to an island country, Fiji, is being investigated.

Any positive response has not yet been received to any of these requests.

Furthermore, since this pharmaceutical raw material of Chloroquine Phosphate is an active pharmaceutical ingredient, it cannot be used for producing other medicines.

p. The total production in 2024 has decreased by 387.8 million tablets/capsules compared to that of in the year 2023. The main reasons for this are the closure of the penicillin sector for several months in 2024 for the renovation activities of buildings and repair work of machineries (under World Bank assistance) and the resignation of 12 trained employees in the manufacturing sector in the year 2024 (02 employees getting the training also resigned from the service). Since the newly recruited employees have to get a training for a period of 1 ½ years, after the trained employees in the manufacturing sector had resigned from service, that shortage will have a significant impact on production activities.

The decrease in the production of some medicines was due to the shortage of pharmaceutical raw materials (Paracetamol Tablets 500 mg) and technical issues (Cetirizine 10 mg, Prednisolone 5 mg, Bisoprolol 5 mg, Ciprofloxacin 250 mg, Ciprofloxacin 500 mg). The production volume was reduced due to the decrease in orders received for Levothyroxine Tablets 50 mcg.

Moreover, some medicines with high demand (Omeprazole 20 mg, Amoxicillin 250 mg, Amoxicillin 500 mg) were produced more than production in the year 2023.

Moreover, medicines such as Indomethacin 25 mg, Metronidazole 200 mg, Rosuvastatin Tab. 10 mg, which were not produced in 2023, were produced in 2024.

The 3559.92 million of tablets produced in 2023 is the highest amount of medicines produced in a year in the history of SPMC. In 2018, when the pharmacy was upgraded under JICA assistance, the annual production capacity was set at 3200 million. (Plant Capacity) Therefore, 4020 million is a very difficult target to achieve under the current conditions. However, this target was determined based on the situation prevailed at the end of the year 2023.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

q. Among the new medicines introduced during this period, some of the medicines are manufactured only to meet the requirements of the Medical Supplies Division and there is no demand for these medicines in the private market.

For example: - Nimodipine Tablets 30mg

Prednisolone Tablets 1mg

Some other items are not required by the Medical Supplies Division and there is a demand for such items in the private market. However, the private market demand is for blister packaging and since the blister packaging machines that we currently owned are not sufficient for this, it is not possible to supply stocks to meet the current demand prevailed for these items in the market.

Eg : - Rosuvastatin Tablets 5mg

Sitagliptin Tablets 50mg

Loratadine Tablets 10mg

Cetirizine Tablets 10mg

Losartan Potassium Tablets BP 25 mg

Mefenamic acid Tablets BP 500 mg

r. Annual production of over 3.1 billion medicines means that if one lot of medicines is considered as 1.5 million tablets (an assumption. It usually varies from 0.5 m to 2.8 m), 2066 lots have been produced in a year. Fourteen (14) cases, out of that, are 0.67%.

The main reason for rework is the change of the behaviour of the mixture from time to time. The main reason for this is the change in the behaviour of the pharmaceutical raw materials.

Since SPMC purchases raw materials through tenders, the pharmaceutical raw materials change constantly. Such situations do not occur in other pharmaceutical manufacturing factories. In such an environment, reworking only 0.67% of the medicines can be considered as a very good situation.

If the supplying institution of the pharmaceutical raw materials remains unchanged, rework can be reduced further.

s. Necessary steps are being taken to include this 25% of administrative fee in the joint venture agreement.

t. All the matters were taken into consideration. Moreover, steps will be taken to commence the project in the future and a committee was appointed by the Ministry Advisory Committee to conduct a feasibility study. It is expected that a feasibility study will be conducted in the future and a report will be prepared as per the recommendations and instructions of the appointed committee.

u. All the matters were taken into consideration. It has also been decided to provide the existing auditorium chairs to a government university and the necessary steps are currently being taken for that. It is also currently being used as a temporary warehouse.

v. Technical and financial bids were called for the installation of a new cooling system subject to the approval of the Procurement Board (SHLPC – Standing High Level Procurement Committee). The technical bids were opened and the financial bid of the bidder, who fulfilled the basic technical requirements, was also opened on 23.04.2025. The financial bid is to be evaluated by the Technical Evaluation Committee and forwarded to SHLPC for getting the approval in order to award the tender.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

It was a completely incorrect observation that weaknesses in the existing cooling system had been pointed out in the observation report conducted by NMRA. They have stated that there is a Standard Operating Procedure (SPMC/SOP/ENG/005) for the cleaning & replacement of Air Handling Unit (AHU) and according to that the integrity of HEPA filters should be checked but it is not in place in central HEPA filters of old HVAC system.

Here we have specified HEPA filter integrity should be checked for the Standard Operating Procedure (SOP) because this cleaning and replacement process should be done in a manner that is suitable for the system to be installed in the future. NMRA has not given any recommendations to correct it immediately (Attachment 22). Even though this new cooling system is installed, the existing Air Handling Unit (AHU) should not be changed. The existing air handling units can be used for several more years.

A detailed response on the cooling system has been submitted by the audit query bearing No. MSU/C/SPMC/BC/2023/AQ-41.

w. It has been planned to increase the contribution of the Corporation through the manufacture of medicines in the year 2025.

x. Based on the market demand for the SPMC Pacidol item, 720,000 packaging units were estimated to be sold for the year 2024. However, about 08 other items are being packaged using the blister packaging machine, which is used to package this Pacidol item. Therefore, 114,150 packaging units of Pacidol were received for sale in the market in the year 2024, and the entire quantity was sold during the year.

Furthermore, the generic name of medicine called Pacidol, which are the OTC medicines in the SPMC product mix is often used for the promotion of the State Pharmaceutical Manufacturing Corporation, and this is not merely for the promotion of Pacidol, but also for the promotion of the imager of the SPMC.

y. There has been an increase in the production of Ciprofloxacin Tablets USP 500 mg in the year 2025 compared to that of in the year 2024. For example, more Ciprofloxacin will be produced in the future. Furthermore Ciprofloxacin Products

Annual Production

Year	Ciprofloxacin 250 mg	Ciprofloxacin 500 mg
2021	1.5	0
2022	3.0	4.0
2023	8.75	10.0
2024	0	2.4
2025	7.5	3.6

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

Accordingly, the amounts of Ciprofloxacin that can be produced per year can be indicated. (These are very small values.)

These pharmaceutical raw materials were used to produce 7.5 million of Ciprofloxacin 250 mg and 3.6 million of Ciprofloxacin 500 mg in the first two months of the year 2025.

The production of these medicines is technically very difficult and only a few experienced workers participated in the task, or else more time and labour are required for production activities due to reasons such as sticking of these tablets to the machine and breakage of tablets, and probability of rework will also increase. Due to the vacancies created due to the resignation of 12 trained employees in the year 2024, a decision had to be made in relation to giving priority to medicines in the production.

Priority was given to medicines supplied for the orders of the MSD (Medical Supplies Division). In the absence of MSD orders for Ciprofloxacin 250 mg and Ciprofloxacin 500 mg for the year 2024, priority was not given to the production of these medicines. However, plans have been made to use all of these pharmaceutical raw materials in the year 2025 and production activities have already been carried out.

z.

	Position	Vacancies	Current Position
HM 1-1	Deputy General Manager - Formulation, Research and Development	1	Applications were called on 01.12.2024 and there were no eligible applications.
HM 1-1	Deputy General Manager - Quality Control	1	Applications were called on 01.12.2024 and there were no eligible applications.
HM 1-1	Deputy General Manager - Marketing	1	Recruited on 01.04.2025
HM 1-1	Deputy General Manager - Human Resources and Administration	1	Applications were called on 01.12.2024.
MM 1-1	Manager - Production	1	Board approval is to be obtained for recruitment.
MM 1-1	Manager - Quality Control	1	Recruited on 03.02.2025.
MM 1-1	Manager - Formulation, Research and Development	1	Recruited on 03.02.2025.
MM 1-1	Manager - Information Technology	1	SOR has been referred to the Department of Management Services for approval.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

MM 1-1	Manager - Training and Development	1	SOR has been referred to the Department of Management Services for approval
MM 1-1	Legal Officer	1	Applications have been called on 21.07.2024 and arrangements have been made to conduct competitive examinations for the recruitment.
MM 1-1	Manager - Safety	1	SOR has been referred to the Department of Management Services for approval.
MM 1-1	Manager - Quality Assurance	1	SOR has been referred to the Department of Management Services for approval.
JM 1-1	Finance Officer	1	Recruited on 03.03.2025.
JM 1-1	Internal Audit Officer	1	Recruited on 01.03.2024.
JM 1-1	Marketing Officer	2	Applications have been called on 21.07.2024 and arrangements have been made to conduct competitive examinations for the recruitment.
JM 1-1	Pharmaceutical Technologist (Planning and Procurement)	1	Recruited on 01.03.2024.
JM 1-1	Quality Control Officer	1	Recruited on 15.01.2025.
JM 1-1	Pharmaceutical Technologist (Production)	3	Recruitments were made for 2 posts on 01.03.2024 and recruitments was made for 1 post on 03.02.2025.
JM 1-1	Assistant Engineer	1	Recruited on 03.03.2025.
JM 1-1	Administrative Officer	1	Applications have been called on 21.07.2024 and arrangements have been made to conduct competitive examinations for the recruitment
JM 1-1	Personal Secretary	1	Applications were invited on 01.12.2024. There were no eligible applications and applications will have to be invited again.
JM 1-1	Engineering Assistant (Computer Hardware)	1	SOR has been referred to the Department of Management Services for approval.
MA 2-1	Pharmaceutical Technologist (Production)	9	Recruited on 15.07.2024.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

MA 2-1	Pharmaceutical Complete Technician	6	Applications have been called on 16.03.2025.
MA 2-1	Quality Control Technician	4	Recruited on 15.07.2024.
MA 2-1	Maintenance Technician	5	Recruitment was made for one post on 01.01.2024. Applications were invited for the other posts on 28.01.2024. Since no one passed the competitive examination, applications were invited again on 01.12.2024.
MA 2-1	Storekeeper	2	Approval for recruitment has been requested from the Prime Minister's Committee on 28.02.2025
MA 2-1	Technical Assistant	4	Applications have been called on 16.03.2025.
MA 2-1	Bookkeeper	1	Recruited on 20.01.2025.
MA 2-1	Information Technician (Multimedia)	1	Applications have been called on 21.07.2024 and arrangements have been made to conduct competitive examinations for the recruitment
MA 2-1	Boiler Operator and Utilities Technician	2	Applications have been called on 21.07.2024 and arrangements have been made to conduct competitive examinations for the recruitment
MA 2-1	Nursing Officer	1	Applications have been called on 21.07.2024 and arrangements have been made to conduct competitive examinations for the recruitment.
MA 1-1	Management Assistant (Non-Technical)	11	8 were recruited.
PL 3	Driver	3	Two were recruited.
PL 2	Pharmaceutical Complete Aide	4	Recruited on 16.12.2024.
PL 2	Laboratory Assistant	2	Recruitment will be made as per the requirement.
PL 1	Work Assistant	10	Recruitment was made for one post on 18.04.2024. Applications were invited for the other posts on 21.07.2024.

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

a1.

I firmly declare that one scheme of recruitment will be followed for each post approved for the State Pharmaceutical Manufacturing Corporation. After restructuring the public service in terms of Management Services Circular 30, the Department of Management Services has approved the scheme of recruitment on 28.03.2013. After receiving this approval, the Department of Management Services has introduced a new model for the scheme of recruitment on 07.11.2013. In approving the schemes of recruitment for all the new posts approved after the year 2013 from the Department of Management Services, the Department has granted approval only according to the new model introduced in the year 2013.

PL - 1	Work Assistant	2022.12.28
PL - 2	Pharmaceutical Complete Assistant Laboratory Assistant	2022.12.28
PL - 3	Driver	2022.07.20
MA 1-1	Management Assistant (Non-Technical)	2022.08.22
MA 2-1	Bookbinder Quality Control Technician Technical Assistant Maintenance Technician Pharmaceutical Technician (Production) Planning and Procurement Assistant Warehouse Keeper Computer Hardware Technician Information Technician (Multimedia) Pharmaceutical Complete Technician Boiler Operator and Utility Technician Nursing Officer	2024.02.29
MA 2-1	Quality Assurance Assistant	2024.06.20
JM 1-1	Quality Control Officer Pharmaceutical Technologist (Production) Pharmaceutical Technologist (Planning and Procurement) Assistant Engineer Sales Officer Administrative Officer Personal Secretary Internal Audit Officer Systems Analyst	2013.03.28
	Transport Officer Training and Development Officer Human Resources Officer	2018.02.26

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

JM 1-1	Chemist Quality Assurance Officer Regulatory Affairs Officer Microbiologist	2022.02.21 2022.03.23 2022.03.23 2024.06.20
MM 1-1	Manager - Quality Control Manager - Production Manager - Formulation, Research and Development Manager - Engineering (Mechanical) Manager - Engineering (Electrical) Manager - Planning and Procurement Manager - Marketing Manager - Finance Manager - Human Resources and Administration Internal Auditor	2013.03.28
MM 1-1	Manager - Engineering (Electronics) Legal Officer	2018.02.26 2022.06.27
MM 1-1	Manager - Information Systems Manager - Quality Assurance Manager - Training and Development	The Scheme of Recruitment has been forwarded to the Department of Management Services, it has not yet been approved.
HM 1-1	Deputy General Manager - Production Deputy General Manager - Quality Control Deputy General Manager - Engineering Deputy General Manager - Planning and Procurement Deputy General Manager - Finance Deputy General Manager - Formulation, Research and Development Deputy General Manager - Human Resources and Administration Deputy General Manager - Marketing	The recruitment process has been approved on 28.03.2013 and the experience of external applicants has been revised on 05.11.2014 as 12 years and the experience of internal applicants has been revised as 2 years on 05.01.2015 for MM 1-1 Grade I.
HM 2-1	General Manager	2013.03.28

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

The Department of Management Services has revised on 12.07.2016 the recruitment qualifications of internal applicants from service category, PL-1 to service category, HM 2-1 of the State Pharmaceutical Manufacturing Corporation as per the model of the scheme of recruitment of the year 2013.

Every year, a pre-awareness programme is conducted for those employees before conducting the efficiency bar examination for the employees, and awareness regarding the scheme of recruitment is made as a mandatory part of it. Moreover, the then Managing Director, the General Manager and all the heads of departments were informed and their views and suggestions were obtained and their views and suggestions were included and the views and suggestions of the then Trade Union Officers and the President were obtained under their leadership and the recruitment scheme was revised accordingly and forwarded to the Department of Management Services before starting the revision of the recruitment scheme of our Corporation according to the revised model of the recruitment scheme presented by the Department of Management Services. Since that date, necessary revisions have been made as per the instructions of the Department of Management Services and approval has been received in parts from time to time.

Details of the manner of receiving the approval has been mentioned above. The necessary revisions have been made for the posts of JM 1-1, MM 1-1, HM 1-1 and HM 2-1 and they have been forwarded to the Department of Management Services for approval, and revisions to be made further in the scheme of recruitment for JM 1-1 and MM 1-1 have been notified by letters dated 21.03.2025 and 28.03.2025.

Copies of the revised scheme of recruitment that has already been approved have been provided to the library of the Corporation and to all trade unions. I would like to inform you that necessary steps will be taken to post it in the website of the Corporation in the future.

The old scheme of recruitment is in effect for posts approved prior to the year 2013, and the Department of Management Services will approve the schemes of recruitment for posts approved after the year 2013 according to the new model. As mentioned above, the schemes of recruitment for all the posts in the institution have been prepared according to the new model and has been forwarded to the Department of Management Services for approval. However, since it is not possible to wait until the approval of the Department of Management Services is received in making recruitments according to the existing staff requirement of the institution, the management has been informed and recruitments have been made according to the existing schemes of recruitment. I would like to inform you that the administration has already taken steps to eliminate the existing such differences and equalize the qualifications for recruitment for posts falling under one category and eliminate the injustices that take place.

Answers have been provided previously regarding the scheme of recruitment under your reference number and dates mentioned below.

Date	Reference Number	Date of Answering
2024.04.03	MSU/C/SPMC/2023/info/95	2024.04.29
2024.05.29	MSU/C/SPMC/BC/2023/AQ - 39	2024.07.08

CHAIRMAN'S COMMENTS ON REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2024

a2..

Deputy General Manager - Formulation, Research and Development	2018.10.04	01	There were no eligible applications.
	2019.02.24	05	
	2019.09.08	03	
	2021.12.12	07	
	2020.09.20	12	Interviews were conducted on 01.12.2021, but the applicant had not attended the interview.
	2024.12.01	08	There were no eligible applications.

a3 Procurement activities are being carried out to outsource the discharge of duties of the Post of Board Secretary to an external institution as per the guidelines of the Department of Public Enterprises.

a4 The applicant selected for this position as an internal applicant was selected under the qualifications for internal applicants according to the scheme of recruitment.

The following officers represented the panel of interviewers for the said position

- Professor Jayantha Wijeyabandara - Chairman - State Pharmaceutical Manufacturing Corporation
- Mrs. Tharaka Hettiarachchi - Senior Assistant Secretary (Administration), Ministry of Health and Mass Media
- Mrs. Asanthi Athuraliya - General Manager - State Pharmaceutical Manufacturing Corporation
- Mrs. C.D.M. Arachchi - Acting Deputy General Manager - Human Resources and Administration - State Pharmaceutical Manufacturing Corporation
- Mrs. M. Vithusan - Manager - Quality Control, State Pharmaceutical Manufacturing Corporation

The marking scheme of the interview mentioned in the scheme of recruitment is mentioned below.

Related additional experience - 30 marks

Related additional educational qualifications - 30 marks

Other skills - 15 marks

Skills demonstrated during the interview - 25 marks

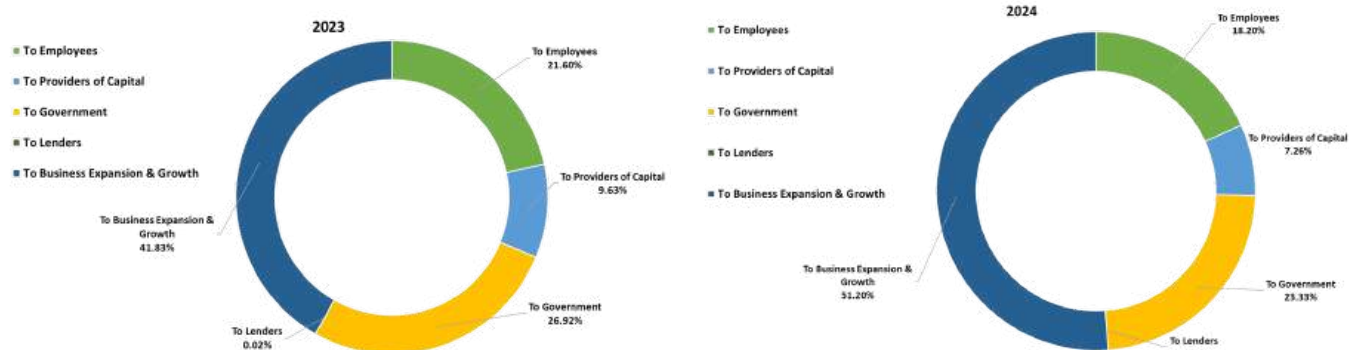
The manner of awarding marks will be decided at the discretion of the panel of interviewers. Awarding marks will be decided with the consent of all the other members, based on the views of the representative representing the Ministry of Health and Mass Media.

VALUE ADDED STATEMENT

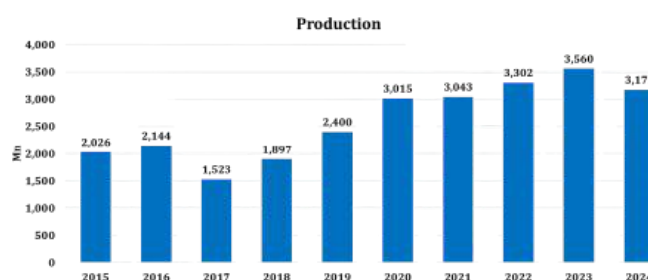
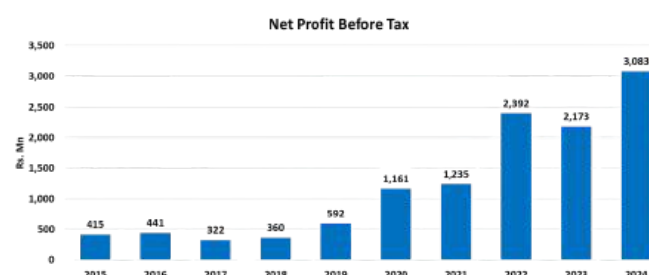
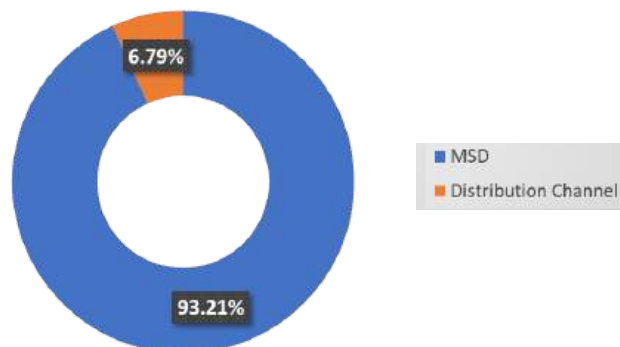
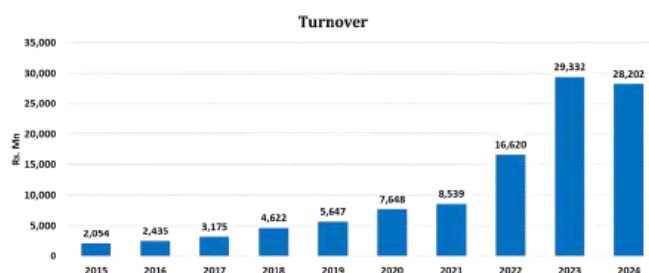
	2024	2023
	Rs.000	Rs.000
Value Creation		
Revenue	28,202,082	29,331,719
Other Income	644,767	636,645
	28,846,849	29,968,364
Goods and Services purchased from Other sources	(24,712,816)	(26,853,048)
Value Created	4,134,033	3,115,316

Value Distribution

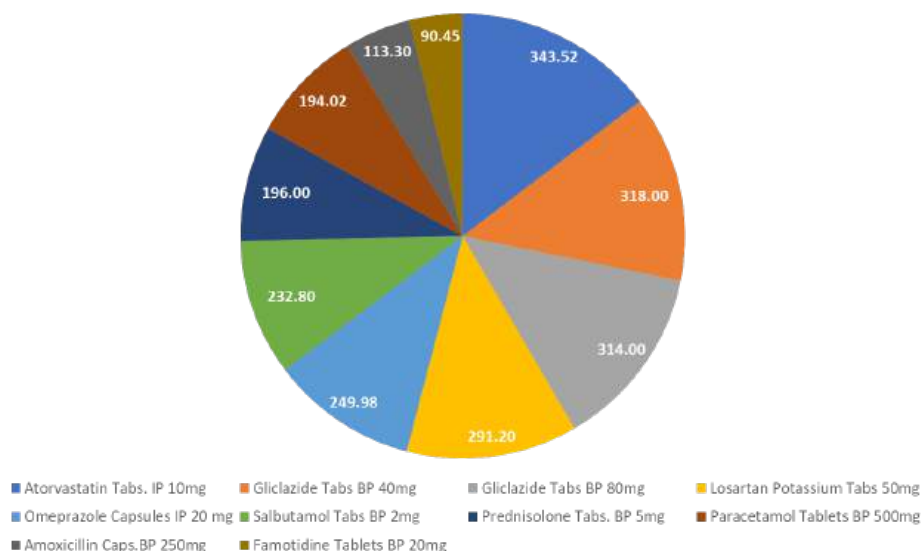
		%		%
To Employees				
- Salaries, Wages & Other Benefits	752,305	18.20	672,968	21.60
To Providers of Capital				
- Treasury Levy	300,000	7.26	300,000	9.63
To Government				
- Taxes & Regulatory Fees	964,419	23.33	838,617	26.92
To Lenders				
- Interest & ralated charges	752	0.02	615	0.02
To Business Expansion & Growth				
- Depreciation	288,078	6.97	258,320	8.29
- Retained Income	1,828,479	44.23	1,044,796	33.54
	4,134,033	100	3,115,316	100



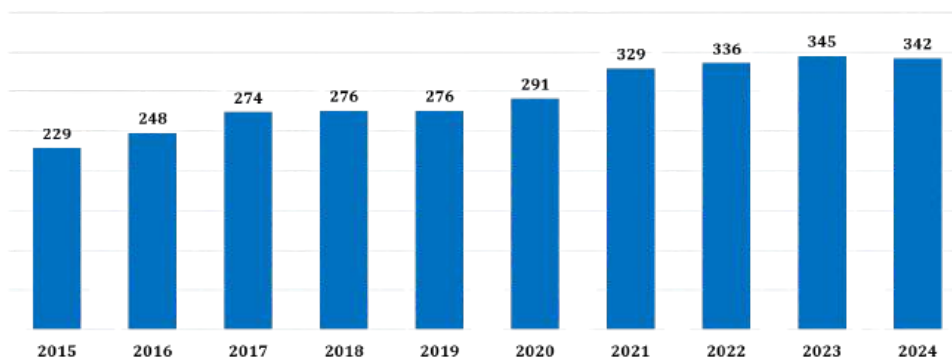
GRAPHICAL REVIEW



Major Contribution to the Production in 2024 (Mn)



Number of Employees



FINANCIAL HIGHLIGHTS FOR PAST 10 YEARS

(Rs.000)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Turnover	2,054,363	2,434,508	3,174,612	4,621,537	5,646,878	7,647,780	8,538,944	16,620,185	29,331,718	28,202,081
Cost of Sales	1,539,441	1,888,256	2,666,683	3,990,801	4,743,125	6,280,757	7,102,322	14,508,387	26,381,969	25,219,748
Gross Profit	514,921	546,252	507,928	630,736	903,752	1,367,023	1,436,621	2,111,797	2,949,749	2,982,333
Operational Profit	364,845	353,776	244,987	308,741	564,411	1,067,020	1,078,814	2,061,371	1,608,247	2,501,841
Admin. Overhead	125,469	165,788	204,579	242,218	237,694	247,137	244,271	327,115	396,275	418,617
Interest Income	53,586	87,629	77,401	51,659	28,093	94,487	156,792	330,531	622,548	606,178
Net Profit before Tax	414,501	441,164	321,982	359,680	592,057	1,160,997	1,235,327	2,391,594	2,173,308	3,083,004
Net Profit after Tax	262,323	296,646	223,907	251,262	434,777	1,017,364	1,006,185	1,674,345	1,518,555	2,156,030
Fixed Assets	762,560	798,657	802,775	3,133,903	3,203,159	3,117,911	2,974,013	3,656,401	4,002,112	3,899,215
Short Term Investments	1,027,388	1,175,754	926,461	369,761	474,984	3,040,316	3,452,508	4,241,086	5,974,554	8,193,471
Total Assets	2,700,885	2,902,284	3,073,637	6,229,453	7,185,386	7,829,711	8,680,301	14,700,782	16,517,179	18,872,311
No. of Employees	229	248	274	276	276	291	329	336	345	342

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

Professor Jayantha Wijayabandara	- Chairman (From September 2024)
Mr. R A S K Ranasinghe	- Director (From December 2024)
Mr. J D K G Kotuwegedara	- Director (From January 2025)
Dr. N R K Vidanage	- Director (From January 2025)
Mr. D D Wanniarachchi	- Director (From January 2025)
Mr. A A M Amarasinghe	- Director (From January 2025)
Mr. R M U Chandranath	- Director (From January 2025)
Dr.P.P.G.P.U.Indrawansa	- Chairman (Up to September 2024)
Dr. Bandula Chandranath Wijesiriwardena	- Director (Up to December 2024)
A.R. Wickramasinghe	- Director (Up to December 2024)
V. G. Chaminda Wickramaratne	- Director (Up to December 2024)
U. S. K. Denawatte	- Director (Up to December 2024)

AUDITORS

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

BANKS

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

MANAGEMENT COMMITTEE

Professor Jayantha Wijayabandara - Chairman
A.G. De S.Athuraliya - General Manager
S.P. Jayaweera - DGM (Production)
P. D. Jayasundera - DGM (Engineering)
R. Darmadasa - DGM (Planning & Procurement)
R. M. R. M. Ranasinghe - Acting DGM (Formulation cum Research & Development)
A.M.T.P. Kulasekara - Acting DGM (Sales Promotion / Marketing)
C. D. Maginaarachchi - Acting DGM (Human Resources)
J.M.S. Jayasundera - Acting DGM (Finance)
A.C.P. Anandakumara - Manager (Planning & Procurement)
V.J. Bandarawatte - Internal Auditor
P. Dhananarayana - Manager (Production)
B. V. H. P. S. Kumara - Manager (Engineering)
S. Wickramasinghe - Manager (Production)
Y. M. P. Kumara - Manager (Planning & Procurement)
M. Benaragama - Manager (Engineering)
A.T.M. Jayasekara - Manager (Production)
M. Vithushan - Manager (Quality Control)
R.O.N. Dissanayake - Manager (Engineering)

ලියාපදිංචි කාර්යාලය

11, සර් ජෝන් කොතලාවල මාවත
කදවල වත්ත
රත්මලාන
දුරකථන : 2635353 , 2637574 , 2636966 ,
2636967 (ADSL)
ෆැක්ස් : 2634771 , 2626621 , 2623553
විද්‍යුත් තැපෑල : chairman@spmc.gov.lk
වෙබ් අඩවිය : www.spmc.gov.lk

සභාපති

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

සාමාන්‍යාධිකාරී

දුරකථන : 2637523 (සෘජු)
2635353 , 2637574 (පොදු)

නිෂ්පාදන දෙපාර්තමේන්තුව

නියෝජ්‍ය සාමාන්‍යාධිකාරී - නිෂ්පාදන
දුරකථන : 2623521 (සෘජු)

සැලසුම් සහ ප්‍රසම්පාදන දෙපාර්තමේන්තුව

නියෝජ්‍ය සාමාන්‍යාධිකාරී - සැලසුම් සහ ප්‍රසම්පාදන
දුරකථන : 2623298 (සෘජු)
කළමනාකාරී - සැලසුම් සහ ප්‍රසම්පාදන
දුරකථන : 2637124 (සෘජු)

අලෙවිකරණ දෙපාර්තමේන්තුව

වැඩබලන නියෝජ්‍ය සාමාන්‍යාධිකාරී - අලෙවි
දුරකථන : 2605862 (සෘජු)

තත්ත්ව පාලන දෙපාර්තමේන්තුව

නියෝජ්‍ය සාමාන්‍යාධිකාරී - තත්ත්ව පාලනය
දුරකථන : 5012945 (සෘජු)

වට්ටෝරු, පර්යේෂණ සහ සංවර්ධන

දෙපාර්තමේන්තුව

නියෝජ්‍ය සාමාන්‍යාධිකාරී - වට්ටෝරු, කිරීම,
පර්යේෂණ සහ සංවර්ධන
දුරකථන : 5012950 (සෘජු)

මූල්‍ය දෙපාර්තමේන්තුව

වැඩබලන නියෝජ්‍ය සාමාන්‍යාධිකාරී - මූල්‍ය
දුරකථන : 2623276 (සෘජු)

නඩත්තු දෙපාර්තමේන්තුව

නියෝජ්‍ය සාමාන්‍යාධිකාරී - ඉංජිනේරු
දුරකථන : 2623246 (සෘජු)
කළමනාකරු - ඉංජිනේරු
දුරකථන : 2623239 (සෘජු)

අභ්‍යන්තර විගණන දෙපාර්තමේන්තුව

අභ්‍යන්තර විගණක
දුරකථන : 2626619 (සෘජු)

මානව සම්පත් දෙපාර්තමේන්තුව

වැඩබලන නියෝජ්‍ය සාමාන්‍යාධිකාරී - මානව
සම්පත්
දුරකථන : 2636234 (සෘජු)

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