

**NAVAM LANKA LIMITED**

**FINANCIAL STATEMENTS**

**31<sup>ST</sup> MARCH 2017**

**PONNAMPERUMA & CO.**  
**(Chartered Accountants),**  
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**PONNAMPERUMA & CO.**  
Chartered Accountants

**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF NAVAM LANKA LIMITED**

We have audited the accompanying financial statements of **Navam Lanka Limited** ("the Company") which comprise the statement of financial position as at 31<sup>st</sup> March 2017 and the statement of comprehensive income, Changes in Equity and Cash Flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards for small and medium sized entities (SLFRS for SMEs). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Scope of Audit and Basis of Opinion**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the said financial statements are free of material misstatement.

An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

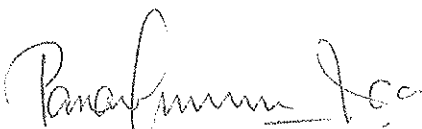
We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31<sup>st</sup> March 2017 and the financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March 2017 and of its financial performance and its cash flows for the year ended in accordance with Sri Lanka Accounting Standards for small and medium sized entities (SLFRS for SMEs).

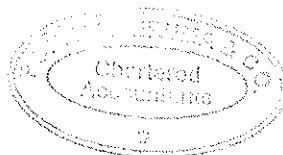
**Report on other legal and regulatory requirements**

These financial statements also comply with the requirements of section 151(2) of the Companies Act No. 07 of 2007.



PONNAMPERUMA & Co.  
Chartered Accountants  
Colombo.

02<sup>nd</sup> May 2017.



## NAVAM LANKA LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31st March*

		2017	2016
	Note	Rs.	Rs.
Revenue	3	886,570,804	742,167,994
Cost of Sales		(684,362,917)	(618,076,237)
<b>Gross profit</b>		<b>202,207,887</b>	<b>124,091,757</b>
Other Income	4	2,034,564	2,806,745
		<b>204,242,452</b>	<b>126,898,502</b>
Administration Expenses	5	(36,281,968)	(38,234,778)
Finance Expenses	6	(2,598,621)	(1,967,579)
Selling & Distribution expenses	7	(27,342,067)	(30,867,864)
<b>Profit Before Taxation</b>		<b>138,019,795</b>	<b>55,828,281</b>
Income Tax Expenses	8	(15,805,095)	(7,130,524)
<b>Net Profit for the year from Continuing Operations</b>		<b>122,214,700</b>	<b>48,697,757</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income / (Expense) for the year</b>		<b>122,214,700</b>	<b>48,697,757</b>
<b>Basic Earnings/(Loss) Per Ordinary Share (Rs.)</b>	<b>9.1</b>	<b>136.35</b>	<b>54.33</b>
<b>Dividend Per Ordinary Share (Rs.)</b>	<b>9.2</b>	<b>135.00</b>	<b>170.00</b>

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 06 to 15 form an integral part of these financial statements.

NAVAM LANKA LIMITED

STATEMENT OF FINANCIAL POSITION

<i>As at 31st March,</i>		2017	2016
	Note	Rs.	Rs.
<b>Assets</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	10	72,169,035	73,925,913
Capital Work in Progress		1,895,682	-
		<u>74,064,716</u>	<u>73,925,913</u>
<b>Current Assets</b>			
Inventories	11	102,282,472	112,799,219
Trade and other receivables	12	1,313,567	2,413,518
Deposit, prepayments and advances	13	18,255,741	21,322,427
Cash & Cash Equivalent	14	56,486,416	34,087,711
		<u>178,338,195</u>	<u>170,622,874</u>
<b>Total Assets</b>		<u>252,402,911</u>	<u>244,548,787</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated Capital	15	89,634,400	89,634,400
Retained Earnings	16	137,918,823	136,710,562
		<u>227,553,223</u>	<u>226,344,962</u>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Retirement benefit obligations	17	3,845,164	3,961,046
		<u>3,845,164</u>	<u>3,961,046</u>
<b>Current Liabilities</b>			
Trade and other payables	18	2,194,033	2,643,560
Income Tax Payable	19	3,805,095	2,130,524
Accrued expenses	20	15,005,396	9,468,694
		<u>21,004,524</u>	<u>14,242,779</u>
<b>Total equity and liabilities</b>		<u>252,402,911</u>	<u>244,548,787</u>
<b>Net Assets per Ordinary Share</b>	21	253.87	252.52

The Significant Accounting Policies and Notes on pages 06 to 15 form an integral part of these financial statements.

**Certification**

I Certify that the above Financial Statements have been prepared in accordance with the requirements of the Companies Act No.7 of 2007.

.....  
(Head of Finance)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and Signed for and on behalf of the Board of Directors of Navam Lanka Limited.

.....  
(Director)

.....  
(Director)

02nd May 2017

## NAVAM LANKA LIMITED

## STATEMENT OF CHANGES IN EQUITY

*For the year ended 31st March 2017*

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 01.04.2015</b>	<b>89,634,400</b>	<b>240,391,285</b>	<b>330,025,685</b>
Profit for the year	-	48,697,757	48,697,757
Final Dividend paid - 2014/2015	-	(107,561,280)	(107,561,280)
Interim Dividend Paid -2015/2016	-	(44,817,200)	(44,817,200)
<b>Balance as at 31st March 2016</b>	<b>89,634,400</b>	<b>136,710,562</b>	<b>226,344,962</b>
<b>Balance as at 01.04.2016</b>	<b>89,634,400</b>	<b>136,710,562</b>	<b>226,344,962</b>
Profit for the year	-	122,214,700	122,214,700
Final Dividend paid - 2015/2016	-	(49,298,920)	(49,298,920)
Interim Dividend Paid -2016/2017	-	(71,707,520)	(71,707,520)
<b>Balance as at 31st March 2017</b>	<b>89,634,400</b>	<b>137,918,823</b>	<b>227,553,223</b>

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 06 to 15 form an integral part of these financial statements.

NAVAM LANKA LIMITED  
STATEMENT OF CASH FLOW

<i>For the year ended 31st March</i>	2017	2016
	Rs.	Rs.
<b>Cash flow from operating activities</b>		
Net profit before taxation	138,019,795	55,828,281
<i>Adjustment for,</i>		
Profit on disposal of Property, plant & equipment	(90,142)	-
Depreciation	5,655,547	5,796,812
Discarded of Machineries	3,891,189	11,104,957
Gratuity provision	670,015	842,689
Interest expenses	2,598,621	1,967,579
<b>Operating profit before working capital changes</b>	<b>150,745,026</b>	<b>75,540,319</b>
(Increase) /decrease in inventories	10,516,747	65,902,643
(Increase) /decrease in trade and other receivables	1,099,951	17,104,942
(Increase) /decrease in deposits and prepayments	3,066,686	(10,227,034)
Increase /(decrease) in trade and other payables	5,087,175	5,093,542
<b>Cash flow generated from operations</b>	<b>170,515,584</b>	<b>153,414,412</b>
Tax paid	(14,130,524)	(13,781,055)
Interest paid	(2,598,621)	(1,967,579)
Gratuity Paid	(785,897)	(749,937)
<b>Net cash flow from operating activities</b>	<b>153,000,542</b>	<b>136,915,841</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(7,899,715)	(13,905,650)
Sale proceeds on disposal of property, plant & equipment	200,000	-
Capital Work in Progress	(1,895,682)	-
<b>Net cash used in investing activities</b>	<b>(9,595,397)</b>	<b>(13,905,650)</b>
<b>Cash flow from financing activities</b>		
Payment of dividend	(121,006,440)	(152,378,480)
<b>Net cash used in financing activities</b>	<b>(121,006,440)</b>	<b>(152,378,480)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>22,398,705</b>	<b>(29,368,288)</b>
Cash and Cash Equivalents at Beginning of the Year	34,087,711	63,455,997
<b>Cash and Cash Equivalents at End of the Year</b>	<b>56,486,416</b>	<b>34,087,710</b>
At the End		
Cash in Hand	286,623	1,208,897
Cash at Bank	56,199,793	32,878,813
	<b>56,486,416</b>	<b>34,087,711</b>

The Significant Accounting Policies and Notes on pages 06 to 15 form an integral part of these financial

NAVAM LANKA LIMITED  
NOTES TO THE ACCOUNTS

For the Year Ended 31<sup>st</sup> March 2017.

**1. CORPORATE INFORMATION**

- 1.1 Navam Lanka Limited ("the company") is a limited liability company registered in Sri Lanka under the Companies Act No.17 of 1982 and re-registered under the Act No. 07 of 2007. And the registered office is Located at Plot No 27 "A" MEPZ, Export Processing Zone, Mirigama.
- 1.2 The Company is engaged in collecting, recycling and processing including segmentation, bailing, cutting of ferrous and non-ferrous metal scraps like lead battery scrap to produce lead ingots and polypropylene granules for export.
- 1.3 The financial Statements were authorized for issue by the Board of Directors of Navam Lanka Limited on 02<sup>nd</sup> May 2017.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 General Policies**

**2.1.1 Statement of compliance**

The statement of financial position, statement of comprehensive income and statement of cash flow together with accounting policies and notes (financial statements) of the Company as at 31<sup>st</sup> March 2017 and for the year then ended, comply with the Sri Lanka Accounting Standards for small and medium sized entities (SLFRS for SMEs) and the Companies Act No.07 of 2007.

**2.1.2 Basis of Preparation**

The financial statements of the Company have been prepared on a going concern basis and in compliance with the Sri Lanka Accounting Standards for small and medium sized entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka. All values appearing in the financial statements are presented in Sri Lanka Rupees (Rs.) rounded to the nearest rupee. The basis of measurement used is the historical cost basis, except where otherwise stated in the accounting policies below.

**2.1.3 Functional and presentation currency**

These financial statements are presented in Sri Lankan Rupees which is the Company's functional and presentation currency.

**2.1.4 Use of estimates and judgments**

The preparation of the financial statements in conformity with SLFRSs requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the reporting date. However uncertainty about these assumptions and estimate can result in outcomes that could require material adjustments to the carrying amount of the asset and liability affected in future.

**2.2 Summary of significant accounting policies**

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

**2.2.1 Income Recognition**

**A) Sales of Goods**

Revenue from the sale of goods is recognized when all the following conditions are satisfied;

- i. The Company transferred significant risks and rewards of ownership of the goods to the buyer.
- ii. The Company retaining, neither a continuing management involvement to the degree usually associated with ownership nor an effective control over the goods sold.
- iii. The amount of revenue can be measured reliably and it is possible that the economic benefits associated with the transaction will flow to the entity; and
- iv. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**B) Interest Income**

Interest income is recognized in the financial statements on accrual basis.

NOTES TO THE ACCOUNTS (Contd....)

For the Year Ended 31<sup>st</sup> March 2017.

**C) Foreign Currencies**

All foreign currency transactions are accounted at the exchange rates prevailing at the date of the transactions. Gain and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Assets and liabilities in foreign currencies have been translated at the rates of exchange prevailing at the Date of Financial Position.

**2.2.2 Expenditure Recognition**

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and maintaining the property, plant and equipment in state of efficiency has been charged to Income arriving at the profit for the year.

**2.2.3. Property, plant and equipment**

**2.2.3.1** All items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment are the cost of purchase or construction together with any incidental expenses thereon.

**2.2.3.2** Free hold land is not depreciated. For all other assets, depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives using the straight-line method. Depreciation of an asset begins when it is available for use and ceases at the earlier date that the asset is classified as held for sale and the date that asset is derecognized.

The following annual rates are used for depreciation of property, plant and equipment;

	Rate	Useful life
Building	3.33%	30
Plant & Machinery	5.00%	20
Office Equipments	20.00%	05
Computers	25.00%	04
Furniture & fittings	20.00%	05
Motor Vehicles	10.00%	10

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of asset is revised prospectively to reflect the new expectations.

**2.2.4 Leased Assets**

Lease in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other Leases are operating lease and, except for investment Property, the leased assets are not recognized in the Statement of Financial Position. Investment Property held under an operating lease is recognized in the Statement of Financial Position at its fair value.

**2.2.5. Financial Instruments**

Trade and other receivables are recognized initially at the transaction price. All sales are made on the basis of normal credit terms and trade receivables do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognize immediately in profit or loss.

Financial liabilities are initially recognized at transaction price (including transaction cost). Trade Payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method.



For The Year Ended 31<sup>st</sup> March 2017.

**2.2.6. Cash and cash equivalents**

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to identified amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investment with short maturities, i.e. three months or less from the date of acquisitions is also treated as cash equivalents. Cash flow statement is presented using the indirect method.

**2.2.7 Inventories**

Inventories are stated at the lower of cost or estimated selling price less costs to complete to sell. Cost to determine using the first in first out method. Inventories are assessed for impairment at each reporting date. Impairment loss on inventory are recognized immediately in profit or loss and presented within the "cost of sales".

**2.2.8 Current Income Tax**

The provision for Income Tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 Of 2006 and subsequent amendments thereon.

**2.2.9. Deferred Tax**

No provision for differed tax has been made

**2.2.10 Equity, reserves and dividend payments**

Share capital represents the nominal value of shares that have been issued. Share premium includes any premium over par value received on the issue of share capital. Any transaction costs associated with the issue of shares are deducted from share premium, net of any related income tax benefits. Retained earnings include all current and prior period retained profits.

**2.2.11 Defined Benefit Plan**

The Company is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which a liability to pay gratuity arises only on completion of 5 years of continued service. In order to meet this liability a provision is carried forward in the balance sheet, based on a half month's salary as of the last month of the final year, for all employees for each completed year of service, commencing from the first year of service. The resulting difference between bought forward provision at the beginning of a period and the carried forward provision at the end of the period is detail with in statement of financial activities.

**2.2.12 Defined Contribution Plan – Employees' Provident Fund and Employees' Trust Fund**

Employees are eligible for Employees' provident fund contribution and Employee' Trust Fund contribution in line with respective statutes and regulations. The Company contributes the defined percentage of gross emoluments of employees to an approved Employees' provident Fund and to the Employees' Trust Fund, which are externally funded.

**2.2.13 Provisions**

A provision is recognized in the statement of financial position when the organization has a legal or constructive obligation as a result of a past event, it is probable that an outflow of assets will be required to settle the obligation, and the obligation can be measured reliably. For certain operational claims reported as provision, it is not practical to disclose detailed information on their corresponding nature and uncertainties. If the effect is material, provisions are demined by discounting the expected future cash flow so as to reflect current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

**2.3 Going Concern**

The Directors have made an assessment of the Company's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of the Company.

NAVAM LANKA LIMITED  
NOTES TO THE ACCOUNTS

<i>For the year ended 31st March</i>		2017	2016
		Rs.	Rs.
<b>3. Revenue</b>			
Exports		843,317,649	684,255,814
Indirect export		27,080,361	55,383,047
Local sales		16,172,794	2,529,133
		<b>886,570,804</b>	<b>742,167,994</b>
<b>4. Other Income</b>			
Interest income		-	110,633
Misc. income		-	388,640
Foreign Exchange Gain/(Loss) -Net		763,571	2,307,472
Local Bill Discount		909,797	-
Ocean Freight- Export		271,054	-
Profit on disposal of Property, plant & equipment		90,142	-
		<b>2,034,564</b>	<b>2,806,745</b>
<b>5. Administration Expenses</b>			
Balance written-off		35,846	-
BOI ground rent		863,773	750,616
Bonus		577,720	379,663
Business promotion		330,089	305,619
Staff training		-	82,551
Safety Gear Expenses		976,278	-
Audit fees		140,554	127,776
Non-Audit charges		30,000	-
Depreciation		668,981	522,024
Employees Provident Fund		1,303,759	1,358,563
Employees Trust Fund		325,939	339,635
Expatriates salaries		11,062,049	9,666,726
Gratuity to employees	<b>Note No.17</b>	670,015	842,689
Guest house expenses		1,650,729	1,093,909
Secretarial fees		61,845	52,290
Stamp Duty		8,137	3,100
Insurance expenses		11,490	102,798
ISO Expenses		90,890	125,252
Legal & professional fees		9,700	3,600
Leave Encashment		979,048	663,176
Charity & Donation		46,855	23,000
Postage and courier		67,143	44,024
Printing and stationary		129,714	110,748
Security expenses		1,588,662	1,152,698
Staff salaries		2,471,169	3,359,479
Staff welfare		642,111	439,551
Telephone & communication		473,331	479,401
Traveling and conveyance		182,664	535,172
Foreign travelling		3,061,522	1,439,996
VAT charges (Disallowed input)		145,054	26,037
Repair, maintenance IT equipment		53,027	42,020
Office Expenses		67,973	73,909
Mess Expenses		960,149	1,050,180
Inspection Charges, License Fee, Annual fee etc.		47,400	981,178
Consultancy fees		2,468,018	882,440
Discarded of property, plant & equipment		3,891,189	11,104,957
Internal Audit & Solvency report		55,000	70,000
Advertisement		22,630	-
Repair, maintenance-Office, Guest House		111,515	-
		<b>36,281,968</b>	<b>38,234,778</b>

NAVAM LANKA LIMITED  
NOTES TO THE ACCOUNTS

For the year ended 31st March

	2017	2016
	Rs.	Rs.
<b>6. Finance Expenses</b>		
Bank commission & interest for C.C. & L.C.	2,598,621	1,967,579
	<u>2,598,621</u>	<u>1,967,579</u>
<b>7. Selling &amp; Distribution expenses</b>		
Insurance marine & other	495,202	268,853
Misc. export expenses ( Destination, demurrage, loading , other exp etc.)	4,397,001	5,050,370
Rebate & Shortage -F.G	3,132,512	264,375
Sales Commission	18,131,111	24,747,447
Vehicle maintenance	1,186,241	536,819
	<u>27,342,067</u>	<u>30,867,864</u>
<b>8. Income Tax Expenses</b>		
<b>8.1 Major components of income tax expenses are as follows :</b>		
Current tax expenses	15,805,095	7,130,524
	<u>15,805,095</u>	<u>7,130,524</u>
<b>8.2 Numerical Reconciliation between the Tax Expense/(Income) and the Accounting Profit/(Loss).</b>		
Numerical reconciliation between the Tax Expense/(Income) and the product of Accounting Profit/(Loss) multiplied by the applicable tax rate disclosing also the basis on which the applicable tax rate is computed are given below.		
Accounting Profit before Taxation	138,019,795	55,828,281
Add: disallowable expenses	10,487,101	17,774,158
	<u>148,506,896</u>	<u>73,602,439</u>
Capital allowance & income from other sources	(16,797,770)	(14,181,405)
<b>Taxable profit for the year</b>	<u>131,709,126</u>	<u>59,421,034</u>
<b>Tax Expenses for the year</b>	<u>15,805,095</u>	<u>7,130,524</u>
<b>8.3 Applicable Rate of Income Tax</b>		
The tax liability of the company has been computed at	12%	12%
<b>9. Earnings per share</b>		
<b>9.1 Basic Earnings per Ordinary Share</b>		
The computation of the Basic Earnings/ (Loss) per Ordinary Share has been done based on Net profit/ (Loss) attributable to ordinary shareholders for the year divided by weighted average number of ordinary shares in issue as at the Balance Sheet date and calculated as follows:		
	2016/2017	2015/2016
<b>Amounts used as the Numerator</b>		
Net Profit/ (Loss) Attributable to Ordinary Shareholders	122,214,700	48,696,757
<b>Amount used as the Denominator</b>		
Weighted Average Number of Ordinary Shares in Issue	896,344	896,344
Basic Earnings Per Ordinary Share (Rs.)	<u>136.35</u>	<u>54.33</u>
<b>Weighted Average Number of Ordinary Shares</b>	<b>Nos.</b>	<b>Nos.</b>
Total as at beginning of the period	896,344	896,344
Share issued During the period	-	-
<b>Total as at end of the period</b>	<u>896,344</u>	<u>896,344</u>
<b>9.2 Dividend Per Share</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Dividend Paid</b>		
Final Dividend - 2015/2016	49,298,920	107,561,280
Interim Dividend - 2016/2017	71,707,520	44,817,200
	<u>121,006,440</u>	<u>152,378,480</u>
Weighted Average Number of Ordinary Shares	896,344	896,344
<b>Dividend per Share (Rs.)</b>	<b>135.00</b>	<b>170.00</b>

NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

As at 31st March 2017

10. Property, plant and equipment

Description of the Assets	Land & Site development	Factory Building	Plant & Machinery	Office Equipment	Computer	Furniture & Fixture	Computer Software	Motor vehicles	Total
Rate of Depreciation		3.33%	5.00%	20.00%	25.00%	20.00%	25.00%	10.00%	
As at 31.03.2015	715,805	47,265,887	71,658,307	987,815	714,251	899,786	-	6,049,176	128,291,028
Additions	-	1,687,829	12,029,657	188,165	-	-	-	-	13,905,651
Deductions	-	-	(17,859,403)	-	-	-	-	-	(17,859,403)
As at 31.03.2016	715,805	48,953,716	65,828,561	1,175,980	714,251	899,786	-	6,049,176	124,337,275
Adjustments	-	(538,006)	1,075,798	(711,167)	(655,451)	(543,155)	-	(3,004,986)	(4,376,967)
Additions	-	-	6,897,207	435,610	77,940	77,453	411,505	-	7,899,715
Discarded/Disposal	-	-	(5,866,116)	(146,798)	-	-	-	-	(6,012,914)
As at 31.03.2017	715,805	48,415,710	67,935,450	753,625	136,740	434,084	411,505	3,044,190	121,847,109
<b>Depreciation &amp; Impairment</b>									
As at 31.03.2015	-	20,108,158	26,193,908	72,247	683,865	879,773	-	3,831,043	51,768,994
Depreciation for the period	-	1,573,954	3,700,834	225,969	14,700	4,940	-	276,415	5,796,812
Deductions	-	-	(7,154,446)	-	-	-	-	-	(7,154,446)
As at 31.03.2016	-	21,682,112	22,740,296	298,216	698,565	884,713	-	4,107,458	50,411,360
Adjustments	-	(538,005)	680,726	(148,738)	(655,451)	(710,509)	-	(3,004,989)	(4,376,966)
Depreciation for the period	-	1,612,243	3,374,323	102,621	19,714	196,950	73,282	276,415	5,655,547
Discarded/Disposal	-	-	(1,919,274)	(92,594)	-	-	-	-	(2,011,867)
As at 31.03.2017	-	22,756,350	24,876,071	159,505	62,828	371,154	73,282	1,378,884	49,678,074
<b>Net Book Value</b>									
As at 31.03.2015	715,805	27,157,729	45,464,399	915,568	30,386	20,013	-	2,218,133	76,522,035
As at 31.03.2016	715,805	27,271,604	43,088,265	877,764	15,686	15,073	-	1,941,718	73,925,915
As at 31.03.2017	715,805	25,659,361	43,059,378	594,119	73,912	62,930	338,223	1,665,305	72,169,035

NAVAM LANKA LIMITED  
NOTES TO THE ACCOUNTS

<i>As at 31st March</i>		2017	2016
		Rs.	Rs.
<b>11. Inventory</b>			
Raw material		15,212,480	29,615,665
Consumables		22,671,619	16,620,070
Work-in-progress		38,307,145	38,579,299
Finished goods		26,091,227	27,984,185
		<u>102,282,472</u>	<u>112,799,219</u>
<b>12. Trade and other receivables</b>			
Trade Receivable-Domestic		118,465	-
Trafigura (Pvt)Ltd		27,715,254	-
Trade Receivable-Transit		(29,289,699)	-
Input VAT		10,886	-
VAT Refund receivable		2,794,060	2,413,518
		<u>1,313,567</u>	<u>2,413,518</u>
<b>13. Deposits, prepayment and advances</b>			
Refundable deposits	Note 13.1	2,023,000	770,000
Prepaid expenses- Current		834,383	984,496
Prepaid Insurance		319,630	-
Advances	Note 13.2	15,078,728	19,567,930
		<u>18,255,741</u>	<u>21,322,427</u>
<b>13.1 Refundable Deposits</b>			
Ceylon electricity board (Security deposit)		500,000	500,000
Deposit - IDD		-	11,500
Deposit - New MHG -Guest house		-	100,000
Security Deposits - Customs		-	50,000
Security deposit to Vendor		1,523,000	108,500
		<u>2,023,000</u>	<u>770,000</u>
<b>13.2 Advances</b>			
Advance-Administration		31,994	-
Advance to Employees		11,633	-
Advance- Raw material supply		15,042,196	19,567,930
Advance from Customer- Domestic		(7,094)	-
		<u>15,078,728</u>	<u>19,567,930</u>
<b>14.1 Cash in hand</b>			
		<u>286,623</u>	<u>1,208,897</u>
<b>14.2 Cash at bank</b>			
Seylan Bank - Rupee account		3,053,095	3,351,411
State Bank of India - SLR limit account		52,721,364	29,154,645
State Bank of India - LKR (FDR)		425,334	372,757
		<u>56,199,793</u>	<u>32,878,813</u>
		<u>56,486,416</u>	<u>34,087,711</u>

NAVAM LANKA LIMITED  
NOTES TO THE ACCOUNTS

As at 31st March 2016

**15. Stated Capital**

	As at 31.03.2017	As at 31.03.2016
	Nos.	Nos.
<b>Ordinary Shares</b>		
<b>Number of Shares</b>		
Balance as at 01st April	896,344	896,344
<b>Balance as at 31st March</b>	<b>896,344</b>	<b>896,344</b>
<b>Value of Shares (Rs.)</b>	<b>Rs.</b>	<b>Rs.</b>
Balance as at 01st April	89,634,400	89,634,400
<b>Balance as at 31st March</b>	<b>89,634,400</b>	<b>89,634,400</b>

The Ordinary Share holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

**16. Retained Earnings**

	As at 31.03.2017	As at 31.03.2016
	Rs.	Rs.
<b>For the year ended</b>		
Balance brought forward	136,710,562	240,391,285
Net profit for the year	122,214,700	48,697,757
Dividend	(121,006,440)	(152,378,480)
	<b>137,918,823</b>	<b>136,710,562</b>

**17. Retirement benefit obligation**

At beginning of the year	3,961,046	3,870,529
Charge for the year	670,015	842,689
	4,631,061	4,710,983
Paid during the year	(785,897)	(749,937)
At end of the year	<b>3,845,164</b>	<b>3,961,046</b>

**18. Trade and other payables**

Trade creditors	1,453,962	2,643,560
Trade Payables- Adjustment	16,890	-
Gravita India Limited	727,239	-
Trade Payables- Employee Payable Ac	(8,757)	-
Trade payables- Wages Ac	4,700	-
	<b>2,194,033</b>	<b>2,643,560</b>

NAVAM LANKA LIMITED  
NOTES TO THE ACCOUNTS

*As at 31st March*

	2017	2016
	Rs.	Rs.
<b>19. Income Tax Payable</b>		
Opening Balance	2,130,524	8,781,055
Provision for the year	15,805,095	7,130,524
	17,935,619	15,911,580
Payment during the year	(14,130,524)	(13,781,055)
<b>Closing Balance</b>	<b>3,805,095</b>	<b>2,130,524</b>
<b>20. Accrued expenses</b>		
Audit fees payable	140,554	127,776
Provision for Bonus	453,024	308,023
Provision for Administration Expenses	504,871	-
Provision for Sales Commission	9,485,582	-
Employees Provident Fund & Trust Fund Payable	202,861	181,359
Leave encashment	482,175	433,728
NBT payable	133,746	35,188
PAYE tax payable	15,350	22,456
Salaries and other payables	2,937,400	8,196,927
VAT Payable	270,349	163,238
GR/IR Clearing Account-Services	379,483	-
	<b>15,005,396</b>	<b>9,468,694</b>

**21. Net Asset per Ordinary Share**

Computation of the Net Assets per Ordinary Share has been done based on the total equity attributable to Equity Holders of the Company divided by the number of ordinary shares in issue as at the Balance Sheet date and calculated as follows.

	As at 31.03.2017	As at 31.03.2016
	Rs.	Rs.
<b>Amounts used as the Numerator</b>		
Total equity attributable to Equity Holders of the Company	227,553,223	226,344,962
<b>Amount used as the Denominator</b>		
Number of Ordinary Shares in issue as at the Balance Sheet date	896,344	896,344
<b>Net Assets per Ordinary Share (Rs.)</b>	<b>253.87</b>	<b>252.52</b>

**22. Related Party Transaction**

The company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Section 33 of Sri Lanka Accounting Standard for SME "Related Party Disclosures", the details of which are listed out below:

Mr. Rajat Agrawal and Mr. Rajeev Surana are directors of Navam Lanka Limited and also directors of Gravita India Limited

	Rs.			
Name of Company	Sales	Purchase	Balance Dr.	Balance Cr.
Gravita India Limited	6,476,540	12,715,952	-	727,239

*As at 31st March 2017*

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**23. Contingent Liabilities and Contingent Assets**

**Contingent Liabilities**

The company does not anticipate any contingent liabilities to arise out of any contingent event as at the balance sheet date.

**Contingent Assets**

There are no contingent assets as at the balance sheet date.

**24. Unrecognized Contractual Commitments**

There have been no capital commitments contracted but not provided for, or authorized by the board but not contracted for, or authorized by the board but not contracted for, outstanding as at the date of Financial Position

**25. Events after the Balance Sheet Date**

There have been no material events occurred between date of financial position and the date on which the financial statements are authorized for issues that require adjustments to or disclosure in the financial statements

**26. Comparative Information's**

Comparative Figures have been re-classified where necessary inline with the presentation requirements for the Current Year.

**27. Commitments and Contingencies**

There were no commitments and contingencies as the date of Financial Position.



NAVAM LANKA LIMITED  
SCHEDULE TO THE ACCOUNTS

<i>For the year ended 31st March</i>		2017	2016
		Rs.	Rs.
<b>Sch.01 Cost of sales</b>			
<b>Raw material</b>			
Inventory - beginning of the year		29,615,665	28,486,236
Purchases		565,412,669	462,183,598
Import expenses and freight inward		1,214,123	2,124,955
Change in Inventory		(14,403,185)	-
Inventory - end of the year		(15,212,480)	(29,615,665)
		<b>566,626,792</b>	<b>463,179,124</b>
Direct expenses	Sch.01.(A)	17,204,517	11,829,528
		<b>583,831,309</b>	<b>475,008,652</b>
<b>Prime cost</b>			
Factory overheads	Sch.01.(B)	33,207,697	23,426,573
<b>Consumables</b>			
Opening stock		16,620,070	16,450,310
Add : purchase		67,323,912	52,608,940
Change in Inventory		6,051,549	-
		<b>89,995,531</b>	<b>69,059,250</b>
Closing stock		(22,671,619)	(16,620,070)
		<b>67,323,912</b>	<b>52,439,180</b>
Works in progress - beginning of the year		38,579,299	37,216,090
Works in progress - end of the year		(38,307,145)	(38,579,299)
		<b>684,635,071</b>	<b>549,511,196</b>
<b>Cost of goods manufactured</b>			
Stock in transit - beginning of the year		-	-
		<b>684,635,071</b>	<b>549,511,196</b>
Finished goods - beginning of the year		27,984,185	96,549,226
Finished goods - end of the year		(26,091,227)	(27,984,185)
Change in Inventory		(2,165,112)	-
<b>Cost of sales</b>		<b>684,362,917</b>	<b>618,076,237</b>
<b>Sch. Direct expenses</b>			
<b>01.(A) Labor &amp; wages</b>		16,939,650	11,565,291
Production Incentives		22,500	13,043
Employees Provident Fund		193,892	200,956
Employees Trust Fund		48,475	50,238
		<b>17,204,517</b>	<b>11,829,528</b>
<b>Sch. Factory overheads</b>			
<b>01.(B) Machinery, repairs and maintenance &amp; Factory Repairs</b>		16,373,656	6,719,767
Electricity		6,973,067	6,612,550
Labor welfare		4,129,590	4,207,846
Depreciation		4,986,566	5,274,788
Insurance - Factory		268,642	227,461
Water, packing material & other expenses		476,175	384,162
		<b>33,207,697</b>	<b>23,426,573</b>

NAVAM LANKA LIMITED  
SCHEDULE TO THE ACCOUNTS (Contd...)

As at 31st March 2017

Sch-02 Name of shareholders

<u>Names</u>	Country	as at 31.03.2017		as at 31.03.2016	
		No. of Shares	%	No. of Shares	%
1 Mr. Ramesh Agrawal	India	127,622	14.24%	127,622	14.24%
2 Mrs. Asha Mittal	India	78,403	8.75%	78,403	8.75%
3 M.Ed. Prakash Maheshwari	India	56,066	6.25%	56,066	6.25%
4 Mr. Mukesh Maheshwari	India	56,066	6.25%	56,066	6.25%
5 Mrs. Sunita Maheshwari	India	22,440	2.50%	22,440	2.50%
6 Mrs. Pushpa Devi Somani	India	56,066	6.25%	56,066	6.25%
7 Mr. Mahesh Somani	India	33,619	3.75%	33,619	3.75%
8 Gravita Netherlands B.V	Netherlands	466,062	52.00%	466,062	52.00%
		<b>896,344</b>	<b>100.00%</b>	<b>896,344</b>	<b>100%</b>

Sch-03 Name and address of the Managing Director

Mr. Rajat Agrawal  
61, Danowita Road, Mirigama (Sri Lanka).

Name and address : Navam Lanka Limited  
Plot No.27A, MEPZ,  
Mirigama.

File No. : 134008717

Nature of business : Export of ferrous and non-ferrous metal scraps

Constitution : Limited Liability Company.

Accounting period : 1st April 2016 to 31st March 2017

Year of assessment : 2016/2017

				Rs.
Net profit as per accounts				138,019,795
<b>Add: disallowable expenses</b>				
Gratuity provision			670,015	
Advertisement	22,630	25%	5,658	
Depreciation			5,655,547	
Legal fees			9,700	
Stamp Duty			8,137	
Loss on disposal of assets			3,891,189	
Profit on Sale of Fixed Assets		<b>Note 01</b>	200,000	
Charity and Donation			46,855	10,487,101
				<u>148,506,896</u>
<b>Less: Capital allowance &amp; income from other sources</b>				
Accounting profit on Sale of Fixed Assets			90,142	
Gratuity payment			785,897	
Capital allowance		<b>Annexure 1</b>	15,921,731	(16,797,770)
<b>Taxable profit for the year</b>				<u>131,709,126</u>
<b>Income Tax</b>	131,709,126	@ 12%		15,805,095
Income Tax paid			12,000,000	
W.H.T paid			-	(12,000,000)
<b>Balance Tax Payable</b>				<u>3,805,095</u>

**Note 01**

**Profit on Sale of Fixed Assets**

				Rs.
Selling Price				200,000
Less: Tax Written Down Value				
Cost		225,000		
Less: Capital Allowance		(225,000)		-
Profit on Sale of Fixed Asset				<u>200,000</u>

NAVAM LANKA LIMITED  
ANNEXURE TO THE TAX COMPUTATION  
YEAR OF ASSESSMENT 2016/2017

I. Capital allowances

Assets	Rate	Cost	Unexpired Beginning	Allowance Claimed	Unexpired Ending
<b>2016/17</b>					
Plant & Machinery	33.33%	6,897,207	6,897,207	2,299,069	4,598,138
Office Equipment	33.33%	435,610	435,610	145,203	290,407
IT Equipment & Peripherals	25.00%	77,940	77,940	19,485	58,455
Furniture & Fixture	20.00%	77,453	77,453	15,491	61,962
Computer Software	50.00%	411,505	411,505	205,753	205,753
		<b>7,899,715</b>	<b>7,899,715</b>	<b>2,685,000</b>	<b>5,214,715</b>
<b>2015/16</b>					
Factory Building	6.67%	1,687,829	1,687,829	112,522	1,575,307
Plant & Machinery	33.33%	12,029,657	12,029,657	4,009,886	8,019,771
Office Equipment	33.33%	188,165	188,165	62,722	125,443
		<b>13,905,650</b>	<b>13,905,650</b>	<b>4,185,129</b>	<b>9,720,521</b>
<b>2014/15</b>					
Plant & Machinery	33.33%	601,660	401,127	200,533	200,594
Office Equipment	33.33%	188,165	514,980	62,715	452,265
Furniture & Fixture	20.00%	19,000	15,200	3,800	11,400
		<b>808,825</b>	<b>931,307</b>	<b>267,049</b>	<b>664,258</b>
<b>2013/2014</b>					
Plant & machinery	12.50%	579,743	434,807	72,468	362,339
Computer	25.00%	58,800	29,400	14,700	14,700
Furniture & fittings	12.50%	9,700	7,275	1,213	6,063
Motor vehicles	20.00%	2,764,150	1,658,490	552,830	1,105,660
		<b>3,412,393</b>	<b>2,129,972</b>	<b>641,210</b>	<b>1,488,762</b>
<b>2012/2013</b>					
Forklift	12.5%	2,454,500	1,534,062	306,813	1,227,250
Tools & equipment	12.5%	3,102,999	1,939,374	387,875	1,551,499
		<b>5,557,499</b>	<b>3,473,436</b>	<b>694,687</b>	<b>2,778,749</b>
<b>2011/2012</b>					
Computer System (New)	25%	2,800	175	175	-
Tools & equipment	12.50%	7,749	3,996	969	3,027
Bricks Cutting Machine	12.50%	11,500	5,930	1,438	4,493
Mobile Phone Noka 1202	12.50%	19,247	9,924	2,406	7,518
		<b>41,296</b>	<b>20,025</b>	<b>4,987</b>	<b>15,038</b>
<b>2010/2011</b>					
Spectrometer Q8 Magellan	12.5%	7,055,508	2,645,815	881,938	1,763,877
Ingots Casting Machine	12.5%	1,828,010	685,503	228,501	457,002
Packing Machine	12.5%	77,887	29,207	9,736	19,471
Refining Pot - Lead Alloy	12.5%	3,093,394	1,160,023	386,674	773,348
IKE 410 Telephone System	12.5%	32,000	12,000	4,000	8,000
Mobile Phone Noka 1202	12.5%	3,300	1,238	413	826
		<b>12,090,099</b>	<b>4,533,786</b>	<b>1,511,262</b>	<b>3,022,524</b>
<b>2009/2010</b>					
Building	6.67%	712,558	427,535	47,504	380,031
Factory boundary wall	6.67%	26,772	16,058	1,786	14,272
Blast furnace equipment	12.5%	197,188	49,297	24,649	24,649
Battery cutting machine	12.5%	106,868	26,717	13,358	13,359
Telephone instruments	12.5%	2,710	678	339	339
Toshiba photo copier	12.5%	115,000	28,750	14,375	14,375
		<b>1,161,096</b>	<b>549,034</b>	<b>102,010</b>	<b>447,024</b>

Assets	Rate	Cost	Unexpired Beginning	Allowance Claimed	Unexpired Ending
Assets	Rate	Cost	Unexpired Beginning	Allowance Claimed	Unexpired Ending
<b><u>2008/2009</u></b>					
PVC separator washing shed	6.67%	123,541	66,409	8,240	58,169
Forklift	12.5%	260,000	41,953	32,500	9,453
Packing machine	12.5%	66,138	9,300	8,267	1,033
Separator washing machine	12.5%	450,576	63,362	56,322	7,040
Transformer 400K VA	12.5%	1,029,181	144,729	128,648	16,081
Tools & equipment	12.5%	11,538	1,623	1,442	180
Air conditioner	12.5%	135,089	18,997	16,886	2,110
		<b>2,076,063</b>	<b>346,372</b>	<b>252,305</b>	<b>94,067</b>
<b><u>2007/2008</u></b>					
Crusher & Powder shed	6.67%	230,781	107,698	15,393	92,305
Factory Boundary wall - New	6.67%	84,646	40,583	5,646	34,937
Slag Shed	6.67%	607,333	291,186	40,509	250,677
Dish Antenna	12.50%	31,600	1,420	1,420	-
TV - Crown	12.50%	20,500	921	921	-
Washing Machine	12.50%	11,000	494	494	-
Air Conditioner	12.50%	42,745	1,920	1,920	-
Mobile Nokia 5610	12.50%	36,000	1,617	1,617	-
Rotary No. 2	12.50%	55,192,370	2,479,345	2,479,345	-
PP Crusher - New	12.50%	681,106	30,597	30,597	-
Tools & Equipment	12.50%	21,850	982	982	-
		<b>56,959,931</b>	<b>2,956,762</b>	<b>2,578,843</b>	<b>377,919</b>
<b><u>2005/2006</u></b>					
Building	6.67%	105,401	2,676	2,676	-
		<b>105,401</b>	<b>2,676</b>	<b>2,676</b>	<b>-</b>
<b><u>2006/2007</u></b>					
Office equipment	12.50%	59,581	10,124	7,448	2,676
		<b>59,581</b>	<b>10,124</b>	<b>7,448</b>	<b>2,676</b>
<b><u>2004/2005</u></b>					
Building	6.67%	60,000	16,000	4,000	12,000
		<b>60,000</b>	<b>16,000</b>	<b>4,000</b>	<b>12,000</b>
<b><u>2003/2004</u></b>					
Building	6.67%	12,670	2,534	845	1,689
		<b>12,670</b>	<b>2,534</b>	<b>845</b>	<b>1,689</b>
<b><u>2002/2003</u></b>					
Building	6.67%	23,561,346	3,141,513	1,570,756	1,570,756
		<b>23,561,346</b>	<b>3,141,513</b>	<b>1,570,756</b>	<b>1,570,756</b>
<b><u>2001/2002</u></b>					
Building	6.67%	21,202,834	1,413,522	1,413,522	0
		<b>21,202,834</b>	<b>1,413,522</b>	<b>1,413,522</b>	<b>0</b>
<b>TOTAL</b>		<b>148,914,397</b>	<b>41,332,430</b>	<b>15,921,731</b>	<b>25,410,699</b>