

NAVAM LANKA LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2015

PONNAMPERUMA & CO.
(Chartered Accountants),
No 241, 1st Floor,
Havelock Road, Colombo 06.
Tel: 5671302,
Fax: 2506116,
Email: info@ponnamperuma.com
www.ponnamperuma.com



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 March 2015 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 March 2015 and the financial statements give a true and fair view of the financial position of the Company as at 31 March 2015 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.
PONNAMPERUMA & CO.
Chartered Accountants
Colombo.
22nd May 2015.



NAVAM LANKA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March

	Note	2015 Rs.	2014 Rs.
Revenue	3	1,254,792,711	1,313,821,409
Cost of Sales		<u>(1,058,759,657)</u>	<u>(1,182,139,112)</u>
Gross profit		196,033,054	131,682,297
Other Income	4	<u>902,280</u>	<u>2,720,887</u>
		196,935,334	134,403,184
Administration Expenses	5	(28,605,499)	(79,520,271)
Finance Expenses	6	(9,916,953)	(15,110,453)
Selling & Distribution expenses	7	(12,132,957)	(13,208,456)
Profit Before Taxation		<u>146,279,925</u>	<u>26,564,005</u>
Income Tax Expenses	8	(16,732,288)	(9,597,429)
Net Profit for the year from Continuing Operations		<u>129,547,637</u>	<u>16,966,576</u>
Other Comprehensive Income		-	-
Total Comprehensive Income / (Expense) for the year		<u>129,547,637</u>	<u>16,966,576</u>
Basic Earnings/(Loss) Per Ordinary Share (Rs.)	9.1	144.53	18.93
Dividend Per Ordinary Share (Rs.)	9.2	-	180.00

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 06 to 18 form an integral part of these financial statements.

NAVAM LANKA LIMITED

STATEMENT OF FINANCIAL POSITION

<i>As at 31st March,</i>		2015	2014
	Note	Rs.	Rs.
Assets			
Non Current Assets			
Property, Plant and Equipment	10	76,522,034	80,610,129
Current Assets			
Inventories	11	178,701,862	206,953,723
Assets held for sale		400,000	400,000
Trade and other receivables	12	19,518,460	56,988,377
Deposit, prepayments and advances	13	11,095,393	8,840,811
Cash & Cash Equivalent	14	63,455,997	1,559,271
		<u>273,171,713</u>	<u>274,742,182</u>
Total Assets		<u>349,693,746</u>	<u>355,352,309</u>
Equity and Liabilities			
Equity and Liabilities			
Stated Capital	15	89,634,400	89,634,400
Retained Earnings	16	240,391,285	110,843,649
		<u>330,025,685</u>	<u>200,478,049</u>
Liabilities			
Non-current Liabilities			
Retirement benefit obligations	17	3,870,529	3,448,840
		<u>3,870,529</u>	<u>3,448,840</u>
Current Liabilities			
Trade and other payables	18	3,892,144	3,191,766
Income Tax Payable	19	8,781,055	2,421,196
Accrued expenses	20	3,124,332	74,021,256
Term Loan - State bank of India (US\$) (Current portion)		-	2,192,342
Bank overdraft	21	-	69,598,861
		<u>15,797,531</u>	<u>151,425,421</u>
Total equity and liabilities		<u>349,693,746</u>	<u>355,352,309</u>
Net Assets per Ordinary Share	22	368.19	223.66

The Significant Accounting Policies and Notes on pages 06 to 18 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)

20 May 2015

.....
(Director)

NAVAM LANKA LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2015

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01.04.2013	89,634,400	255,218,993	344,853,393
Total Comprehensive Income/ (Loss) for the period			
Profit for the year	-	16,966,576	16,966,576
Interim Dividend Paid	-	(89,634,400)	(89,634,400)
Proposed Final Dividend	-	(71,707,520)	(71,707,520)
Balance as at 31st March 2014	89,634,400	110,843,649	200,478,050
Balance as at 01.04.2014	89,634,400	110,843,649	200,478,050
Transactions with Owners directly recorded in the equity			
Contributions by and distributions to owners			
Profit for the year	-	129,547,637	129,547,637
Balance as at 31st March 2015	89,634,400	240,391,285	330,025,686

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 06 to 18 form an integral part of these financial statements.

NAVAM LANKA LIMITED
STATEMENT OF CASH FLOW

<i>For the year ended 31st March</i>	2015	2014
	Rs.	Rs.
Cash flow from operating activities		
Net profit before taxation	146,279,925	26,564,005
<i>Adjustment for,</i>		
Depreciation	5,481,186	32,380,745
Impairment of Property, plant & equipment	-	32,361,450
Gratuity provision	637,405	987,813
Interest expenses	8,591,198	7,682,799
Operating profit before working capital changes	160,989,714	99,976,811
(Increase) /decrease in inventories	28,251,860	(31,618,739)
(Increase) /decrease in trade and other receivables	37,469,917	112,618,270
(Increase) /decrease in deposits and prepayments	(2,254,582)	19,204,134
(Increase) /decrease in other current Assets	-	(400,000)
Increase /(decrease) in trade and other payables	1,510,974	(149,093,861)
Cash flow generated from operations	225,967,883	50,686,616
Tax paid	(10,372,429)	(29,578,960)
Interest paid	(8,591,198)	(7,682,799)
Gratuity Paid	(215,716)	(301,238)
Net cash flow from operating activities	206,788,540	13,123,619
Cash flow from investing activities		
Acquisition of property, plant and equipment	(1,393,092)	(3,412,393)
Sale proceeds on disposal of property, plant & equipment	-	1,025,000
Net cash used in investing activities	(1,393,092)	(2,387,393)
Cash flow from financing activities		
Repayment of term loan	(2,192,343)	(4,998,186)
Payment of dividend	(71,707,520)	(89,634,400)
Net cash used in financing activities	(73,899,863)	(94,632,586)
Net Increase / (Decrease) in Cash and Cash Equivalents	131,495,587	(83,896,363)
Cash and Cash Equivalents at Beginning of the Year	(68,039,590)	15,856,773
Cash and Cash Equivalents at End of the Year	63,455,997	(68,039,590)
At the Beginning		
Cash in Hand	315,865	225,397
Cash at Bank	1,243,406	16,176,410
Bank Overdraft	(69,598,861)	(545,034)
	(68,039,590)	15,856,773
At the End		
Cash in Hand	529,665	315,865
Cash at Bank	62,926,332	1,243,406
Bank Overdraft	-	(69,598,861)
	63,455,997	(68,039,590)

The Significant Accounting Policies and Notes on pages 06 to 18 form an integral part of these financial statements.

NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31st March

	2015	2014
	Rs.	Rs.
3. Revenue		
Exports	1,089,333,420	1,168,390,010
Indirect export	165,426,166	-
Local sales	33,125	145,431,399
	<u>1,254,792,711</u>	<u>1,313,821,409</u>
4. Other Income		
Interest on fixed deposits	-	1,621,633
Misc. income	902,280	528,242
Profit on disposal of property, plant & equipment	-	571,012
	<u>902,280</u>	<u>2,720,887</u>
5. Administration Expenses		
Balance written-off	1,102,533	499,121
BOI ground rent	636,931	527,124
Bonus	311,063	174,555
Business promotion	481,620	1,171,120
Staff training	122,752	74,003
Penalty	-	1,797
Audit fees	116,160	105,600
Depreciation	339,860	17,809,410
Employees Provident Fund	1,459,598	1,334,149
Employees Trust Fund	364,976	333,540
Expatriates salaries	10,442,488	9,858,929
Gratuity to employees	637,405	987,813
Guest house expenses	897,704	-
Secretarial fees	98,347	-
Stamp Duty	468,260	-
Insurance expenses	104,987	295,516
ISO Expenses	28,903	287,739
Legal & professional fees	734,561	504,689
Miscellaneous	-	2,535
Building maintenance	27,535	16,244
Leave Encashment	811,251	885,063
Charity & Donation	520,000	1,012,000
Postage and courier	57,020	87,895
Printing and stationary	163,452	183,438
Membership, Subscription	-	11,000
Security expenses	1,268,876	1,266,316
Staff salaries	2,669,788	2,436,482
Staff welfare	1,785,905	3,245,078
Telephone & communication	390,513	397,755
Traveling and conveyance	279,035	196,857
Foreign travelling	1,817,929	2,287,650
VAT charges (Disallowed)	19,108	17,968
Repair, maintenance IT equipment	19,040	159,286
Visa fees	427,897	417,137
Impairment of Property, plant & equipment	-	32,932,461
	<u>28,605,499</u>	<u>79,520,271</u>
6. Finance Expenses		
Foreign exchange loss	1,325,756	7,427,655
Bank commission & interest for C.C. & L.C.	8,591,198	7,682,799
	<u>9,916,953</u>	<u>15,110,453</u>

NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

<i>For the year ended 31st March</i>	2015	2014
	Rs.	Rs.
7. Selling & Distribution expenses		
Insurance marine & other	131,832	447,188
Misc. export expenses (Destination, demurrage, loading , other exp etc.)	9,814,929	5,304,851
Sales Commission & Rebate & Shortage -F.G	1,638,686	6,715,448
Vehicle maintenance	547,510	740,968
	<u>12,132,957</u>	<u>13,208,456</u>
8. Income Tax Expenses		
8.1 Major components of income tax expenses are as follows :		
Current tax expenses	16,732,288	9,597,429
	<u>16,732,288</u>	<u>9,597,429</u>
8.2 Numerical Reconciliation between the Tax Expense/(Income) and the Product of Accounting Profit/(Loss).		
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	146,279,925	26,564,005
Add: disallowable expenses	7,106,851	67,938,020
	<u>153,386,776</u>	<u>94,502,025</u>
Capital allowance & income from other sources	(13,951,040)	(14,523,448)
Taxable profit for the year	<u>139,435,736</u>	<u>79,978,577</u>
Tax Expenses for the year	<u>16,732,288</u>	<u>9,597,429</u>
8.3 Applicable Rate of Income Tax		
The tax liability of the company has been computed at	12%	12%
9. Earnings per share		
9.1 Basic Earnings per Ordinary Share		
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:		
	2014/2015	2013/2014
Amounts used as the Numerator		
Net Profit/ (Loss) Attributable to Ordinary Shareholders	129,547,637	16,966,576
Amount used as the Denominator		
Weighted Average Number of Ordinary Shares in Issue	896,344	896,344
Basic Earnings Per Ordinary Share (Rs.)	<u>144.53</u>	<u>18.93</u>
Weighted Average Number of Ordinary Shares		
	Nos.	Nos.
Total as at beginning of the period	896,344	896,344
Share issued During the period	-	-
Total as at end of the period	<u>896,344</u>	<u>896,344</u>
9.2 Dividend Per Share	Rs.	Rs.
Dividend Paid		
Interim Dividend	-	89,634,400
2nd Interim-proposed	-	71,707,520
	<u>-</u>	<u>161,341,920</u>
Weighted Average Number of Ordinary Shares	896,344	896,344
Dividend per Share (Rs.)	-	180.00

NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

For the Year Ended 31st March 2015.

1. CORPORATE INFORMATION

- 1.1 Navam Lanka Limited ("the company") is a limited liability company registered in Sri Lanka under the Companies 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 22 May 2015.

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 31st March 2015 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.



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS (Contd....)

For the Year Ended 31st March 2015.

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.

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.



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS (Contd....)

For The Year Ended 31st March 2015.

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.

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.



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS (Contd....)

For The Year Ended 31st March 2015.

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 brought 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

10. Property, plant and equipment

Rs.1

Description of the Assets	Land & Site development	Factory Building	Plant & Machinery	Office Equipment	Computer	Furniture & Fixture	Motor vehicles	Total
Rate of Depreciation		3.33%	5.00%	20.00%	25.00%	20.00%	10.00%	
As at 31.03.2014	715,805	47,265,887	71,056,647	215,383	714,251	880,786	6,049,176	126,897,936
Additions	-	-	601,660	772,432	-	19,000	-	1,393,092
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
Depreciation & Impairment			(45,488)					
As at 31.03.2014	-	18,534,204	22,626,536	27,351	669,165	875,926	3,554,626	46,287,808
Depreciation for the period	-	1,573,954	3,567,372	44,896	14,700	3,847	276,417	5,481,186
As at 31.03.2014	-	20,108,158	26,193,908	72,247	683,865	879,773	3,831,043	51,768,994
Net Book Value								
As at 31.03.2014	715,805	28,731,683	48,430,111	188,032	45,086	4,860	2,494,550	80,610,129
As at 31.03.2015	715,805	27,157,729	45,464,399	915,568	30,386	20,013	2,218,133	76,522,034

NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

<i>As at 31st March</i>		2015	2014
		Rs.	Rs.
11. Inventory			
Raw material		28,486,236	25,223,199
Consumables		16,450,310	14,878,785
Work-in-progress		37,216,090	98,338,739
Finished goods		96,549,226	67,537,802
Consignment-in -Transit		-	975,197
		<u>178,701,862</u>	<u>206,953,723</u>
12. Trade and other receivables			
Trade debtors	Note 12.1	17,933,606	55,666,207
VAT receivable		1,584,854	1,322,170
		<u>19,518,460</u>	<u>56,988,377</u>
12.1 Trade debtors			
Chem Colour (India) Pvt. Ltd.		-	2,418,505
Lianyungang Beileji International		-	1,366,129
Leadstone Energy Ltd		6,194,047	-
Hanwa American Corp.		11,739,559	-
Trafigura Pte Ltd		-	51,881,573
		<u>17,933,606</u>	<u>55,666,207</u>
13. Deposits, prepayment and advances			
Refundable deposit	Note 13.1	932,221	1,095,492
Prepaid expenses		847,894	1,300,057
Advances	Note 13.2	9,315,278	6,445,261
		<u>11,095,393</u>	<u>8,840,811</u>
13.1 Refundable Deposits			
Ceylon electricity board (Security deposit)		500,000	500,000
Deposit - IDD		11,500	11,500
Deposit - New MHG -Guest house		100,000	100,000
Security deposit other		320,721	483,992
		<u>932,221</u>	<u>1,095,492</u>
13.2 Advances			
Advance to staff / imprest account		-	60,000
Advance to Employee		650,410	-
Advance ag. Raw material supply		8,664,868	6,401,846
Advance to others		-	(16,585)
		<u>9,315,278</u>	<u>6,445,261</u>

NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

<i>As at 31st March</i>	2015	2014
	Rs.	Rs.
14.1 Cash in hand	529,665	315,865
	<u>529,665</u>	<u>315,865</u>
14.2 Cash at bank		
Seylan Bank - Rupee account	4,253,779	1,047,512
State Bank of India - SLR limit account	58,397,358	169,173
State Bank of India - LKR (FDR)	275,194	26,721
	<u>62,926,332</u>	<u>1,243,406</u>
	<u>63,455,997</u>	<u>1,559,271</u>
15. Stated Capital	As at	As at
	31.03.2015	31.03.2014
Ordinary Shares	Nos	Nos.
Number of Shares		
Balance as at 01st April	896,344	896,344
Balance as at 31st March	<u>896,344</u>	<u>896,344</u>
Value of Shares (Rs.)	Rs.	Rs.
Balance as at 01st April	89,634,400	89,634,400
Balance as at 31st March	<u>89,634,400</u>	<u>89,634,400</u>
<p>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.</p>		
16. Retained Earnings	As at	As at
	31.03.2015	31.03.2014
	Rs.	Rs.
For the year ended		
Balance brought forward	110,843,649	255,218,993
Net profit for the year	129,547,637	16,966,576
Interim Dividend	-	(89,634,400)
Final Dividend	-	(71,707,520)
	<u>240,391,285</u>	<u>110,843,649</u>
17. Retirement benefit obligation		
At beginning of the year	3,448,840	2,762,265
Charge for the year	637,405	987,813
	<u>4,086,245</u>	<u>3,750,078</u>
Paid during the year	(215,716)	(301,238)
At end of the year	<u>3,870,529</u>	<u>3,448,840</u>

NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

<i>As at 31st March</i>	2015	2014
	Rs.	Rs.
18. Trade and other payables		
Sri Vaaru Metallurgicals (P) Ltd.	2,693,064	-
Kinamatics INC	1,199,080	-
Trade creditors	-	3,191,766
	<u>3,892,144</u>	<u>3,191,766</u>
19. Income Tax Payable		
Opening Balance	2,421,196	22,402,727
Provision for the year	16,732,288	9,597,429
	19,153,484	32,000,156
Payment during the year	(10,372,429)	(29,427,727)
Withholding Tax	-	(151,233)
Closing Balance	<u>8,781,055</u>	<u>2,421,196</u>
20. Accrued expenses		
Audit fees payable	116,160	105,600
Employees Provident Fund & Trust Fund Payable	281,699	227,108
Employees remuneration payable	-	758,845
Leave encashment	402,432	-
NBT payable	-	318
PAYE tax payable	33,717	-
Dividend payable	-	64,536,768
Dividend Tax payable	-	7,170,752
Bonus payable	360,451	346,691
Provision for expenses	1,929,874	875,174
	<u>3,124,332</u>	<u>74,021,256</u>
21. Bank overdrafts		
State Bank of India - CC USD account	-	69,598,861
	<u>-</u>	<u>69,598,861</u>
22. 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 31.03.2015 Rs.	As at 31.03.2014 Rs.
Amounts used as the Numerator		
Total equity attributable to Equity Holders of the Company	330,025,685	200,478,049
Amount used as the Denominator		
Number of Ordinary Shares in issue as at the Balance Sheet date	896,344	896,344
Net Assets per Ordinary Share (Rs.)	<u>368.19</u>	<u>223.66</u>

NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

As at 31st March

23. 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:

Name of Company	Director's Name	Position	Sales	Purchase	Balance Dr.	Balance Cr.
Gravita Exim Limited			-	-	-	-
Gravita India Limited			51,068,584	8,377,736	-	1,504,164
Gravita Netehrlands B.V.			-	-	-	-

24. 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.

25. 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

26. 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

27. Comparative Information's

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

28. 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>		2015	2014
		Rs.	Rs.
Sch.01	Cost of sales		
	Raw material		
	Inventory - beginning of the year	25,223,199	31,496,168
	Purchases	925,995,322	1,088,858,470
	Import expenses and freight inward	5,003,755	11,650,055
	Inventory - end of the year	<u>(28,486,236)</u>	<u>(25,223,199)</u>
		927,736,040	1,106,781,494
	Direct expenses Sch.01.(A)	<u>15,257,361</u>	<u>15,682,639</u>
	Prime cost	942,993,401	1,122,464,133
	Factory overheads Sch.01.(B)	26,171,796	30,773,260
	Consumables		
	Opening stock	14,878,785	12,568,108
	Add : purchase	<u>58,079,563</u>	<u>66,810,156</u>
		72,958,348	79,378,264
	Closing stock	<u>(16,450,310)</u>	<u>(14,878,785)</u>
		56,508,038	64,499,479
	Works in progress - beginning of the year	98,338,739	58,304,279
	Works in progress - end of the year	<u>(37,216,090)</u>	<u>(98,338,739)</u>
	Cost of goods manufactured	1,086,795,884	1,177,702,412
	Stock in transit - beginning of the year	975,197	26,481,561
	Stock in transit - end of the year	<u>-</u>	<u>(975,197)</u>
		1,087,771,080	1,203,208,775
	Finished goods - beginning of the year	67,537,802	46,468,138
	Finished goods - end of the year	<u>(96,549,226)</u>	<u>(67,537,802)</u>
	Cost of sales	<u>1,058,759,657</u>	<u>1,182,139,112</u>
Sch.	Direct expenses		
	01.(A) Labor & wages	14,961,333	15,255,481
	Production Incentives	80,479	159,972
	Employees Provident Fund	172,439	213,750
	Employees Trust Fund	<u>43,110</u>	<u>53,436</u>
		<u>15,257,361</u>	<u>15,682,639</u>
Sch.	Factory overheads		
	01.(B) Machinery, repairs and maintenance & Factory Repairs	10,279,409	6,850,410
	Electricity	8,660,799	7,870,643
	Labor welfare	1,419,521	801,362
	Depreciation	5,141,326	14,571,335
	Insurance - Factory	292,045	36,810
	Water, packing material & other expenses	<u>378,696</u>	<u>642,700</u>
		<u>26,171,796</u>	<u>30,773,260</u>

NAVAM LANKA LIMITED

SCHEDULE TO THE ACCOUNTS (Contd...)

For the year ended 31st March

	2015	2014
	Rs.	Rs.
Sch-02 Term Loan - State bank of India		
Balance B/F	2,192,343	7,190,528
Add: Loan obtain from bank	-	250,928
Payment during the year	(2,192,343)	(5,249,113)
Balance C/F	-	2,192,343
Term Loan - State bank of India -more than one year	-	-
Term Loan - State bank of India -less than one year	-	2,192,343

Sch-03 Name of shareholders

Names	Country	as at 31.03.2015		as at 31.03.2014	
		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 Mr. Ved 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 Exim Ltd	India	-	0.00%	358,475	39.99%
11 Gravita Netherlands B.V	Netherlands	466,062	52.00%	107,587	12.00%
		896,344	100.00%	896,344	100.00%

Sch-04 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 2014 to 31st March 2015

Year of assessment : 2014/2015

Rs.

Net profit as per accounts 146,279,925

Add: disallowable expenses

Gratuity provision	637,405	
Depreciation	5,481,186	
Stamp Duty	468,260	
Charity and Donation	520,000	7,106,851
		<u>153,386,776</u>

Less: Capital allowance & income from other sources

Gratuity payment		215,716	
Capital allowance	Annexure 1	13,735,324	(13,951,040)
Taxable profit for the year			<u>139,435,736</u>

Income Tax	139,435,736	@ 12%	16,732,288
Income Tax paid		7,800,000	
Balance B/fd from 2013/2014 (W.H.T paid)		151,233	(7,951,233)
Balance Tax Payable			<u>8,781,055</u>

NAVAM LANKA LIMITED
ANNEXURE TO THE TAX COMPUTATION
YEAR OF ASSESSMENT 2014/2015

1. Capital allowances

Assets	Rate	Cost	Unexpired Beginning	Allowance Claimed	Unexpired Ending
<u>2014/15</u>					
Plant & Machinery	33.33%	601,660	601,660	200,533	401,127
Office Equipment	33.33%	772,432	772,432	257,452	514,980
Furniture & Fixture	20.00%	19,000	19,000	3,800	15,200
		<u>1,393,092</u>	<u>1,393,092</u>	<u>461,785</u>	<u>931,307</u>
<u>2013/2014</u>					
Plant & machinery	12.50%	579,743	507,275	72,468	434,807
Computer	25.00%	58,800	44,100	14,700	29,400
Furniture & fittings	12.50%	9,700	8,488	1,213	7,275
Motor vehicles	20.00%	2,764,150	2,211,320	552,830	1,658,490
		<u>3,412,393</u>	<u>2,771,183</u>	<u>641,210</u>	<u>2,129,972</u>
<u>2012/2013</u>					
Forklift	12.5%	2,454,500	1,840,875	306,813	1,534,062
Tools & equipment	12.5%	3,102,999	2,327,249	387,875	1,939,374
		<u>5,557,499</u>	<u>4,168,124</u>	<u>694,687</u>	<u>3,473,436</u>
<u>2011/2012</u>					
Computer System (New)	25%	2,800	875	700	175
Tools & equipment	12.50%	7,749	4,964	969	3,996
Bricks Cutting Machine	12.50%	11,500	7,368	1,438	5,930
Mobile Phone Noka 1202	12.50%	19,247	12,330	2,406	9,924
		<u>41,296</u>	<u>25,537</u>	<u>5,512</u>	<u>20,025</u>
<u>2010/2011</u>					
Spectrometer Q8 Magellan	12.5%	7,055,508	3,527,754	881,938	2,645,815
Ingots Casting Machine	12.5%	1,828,010	914,005	228,501	685,503
Packing Machine	12.5%	77,887	38,943	9,736	29,207
Refining Pot - Lead Alloy	12.5%	3,093,394	1,546,697	386,674	1,160,023
IKE 4.10 Telephone System	12.5%	32,000	16,000	4,000	12,000
Mobile Phone Noka 1202	12.5%	3,300	1,651	413	1,238
		<u>12,090,099</u>	<u>6,045,049</u>	<u>1,511,262</u>	<u>4,533,786</u>
<u>2009/2010</u>					
Building	6.67%	712,558	475,039	47,504	427,535
Factory boundary wall	6.67%	26,772	17,843	1,786	16,058
Blast furnace equipment	12.5%	197,188	73,946	24,649	49,297
Battery cutting machine	12.5%	106,868	40,076	13,358	26,717
Telephone instruments	12.5%	2,710	1,016	339	678
Toshiba photo copier	12.5%	115,000	43,125	14,375	28,750
		<u>1,161,096</u>	<u>651,045</u>	<u>102,010</u>	<u>549,034</u>
<u>2008/2009</u>					
PVC separator washing shed	6.67%	123,541	74,649	8,240	66,409
Forklift	12.5%	260,000	74,453	32,500	41,953
Packing machine	12.5%	66,138	17,568	8,267	9,300
Separator washing machine	12.5%	450,576	119,684	56,322	63,362
Transformer 400KVA	12.5%	1,029,181	273,376	128,648	144,729
Tools & equipment	12.5%	11,538	3,065	1,442	1,623
Air conditioner	12.5%	135,089	35,883	16,886	18,997
		<u>2,076,063</u>	<u>598,678</u>	<u>252,305</u>	<u>346,372</u>

<u>2007/2008</u>					
Dish Antenna	12.5%	31,600	5,370	3,950	1,421
TV - Crown	12.5%	20,500	3,484	2,563	921
Washing Machine	12.5%	11,000	1,869	1,375	494
Crusher & Powder shed	6.67%	230,781	126,041	15,393	110,648
Factory Boundary wall - New	6.67%	84,646	46,229	5,646	40,583
Slag Shed	6.67%	607,333	331,695	40,509	291,186
Air Conditioner	12.5%	42,745	7,264	5,343	1,921
Mobile Nokia 5610	12.5%	36,000	6,117	4,500	1,617
Rotary No. 2	12.5%	55,192,370	9,378,391	6,899,046	2,479,345
PP Crusher - New	12.5%	681,106	115,735	85,138	30,597
Tools & Equipment	12.5%	21,850	3,713	2,731	982
		<u>56,959,931</u>	<u>10,025,907</u>	<u>7,066,194</u>	<u>2,959,712</u>
<u>2006/2007</u>					
Office equipment	12.5%	59,581	10,124	7,448	2,677
		<u>59,581</u>	<u>10,124</u>	<u>7,448</u>	<u>2,677</u>
<u>2005/2006</u>					
Building	6.67%	105,401	3,786	3,786	0
		<u>105,401</u>	<u>3,786</u>	<u>3,786</u>	<u>0</u>
<u>2004/2005</u>					
Building	6.67%	60,000	24,000	4,000	20,000
		<u>60,000</u>	<u>24,000</u>	<u>4,000</u>	<u>20,000</u>
<u>2003/2004</u>					
Building	6.67%	12,670	4,222	845	3,378
		<u>12,670</u>	<u>4,222</u>	<u>845</u>	<u>3,378</u>
<u>2002/2003</u>					
Building	6.67%	23,561,346	6,283,026	1,570,756	4,712,269
		<u>23,561,346</u>	<u>6,283,026</u>	<u>1,570,756</u>	<u>4,712,269</u>
<u>2001/2002</u>					
Building	6.67%	21,202,834	4,240,567	1,413,522	2,827,044
		<u>21,202,834</u>	<u>4,240,567</u>	<u>1,413,522</u>	<u>2,827,044</u>
TOTAL		<u>127,693,300</u>	<u>36,244,338</u>	<u>13,735,324</u>	<u>22,509,014</u>