

NAVAM LANKA LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2016

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 31st March 2016 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.

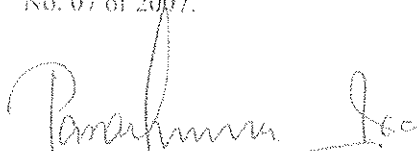
We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2016 and the financial statements give a true and fair view of the financial position of the Company as at 31st March 2016 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.

09th May 2016.

NAVAM LANKA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

<i>For the year ended 31st March</i>		2016	2015
	Note	Rs.	Rs.
Revenue	3	742,167,994	1,254,792,711
Cost of Sales		(618,076,237)	(1,058,759,658)
Gross profit		124,091,757	196,033,053
Other Income	4	2,806,746	902,280
		126,898,503	196,935,333
Administration Expenses	5	(38,234,778)	(28,605,499)
Finance Expenses	6	(1,967,579)	(9,916,953)
Selling & Distribution expenses	7	(30,867,864)	(12,132,957)
Profit Before Taxation		55,828,282	146,279,924
Income Tax Expenses	8	(7,130,524)	(16,732,288)
Net Profit for the year from Continuing Operations		48,697,757	129,547,636
Other Comprehensive Income		-	-
Total Comprehensive Income / (Expense) for the year		48,697,757	129,547,636
Basic Earnings/(Loss) Per Ordinary Share (Rs.)	9.1	54.33	144.53
Dividend Per Ordinary Share (Rs.)	9.2	170.00	-

Figures in brackets indicate deductions.

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



STATEMENT OF FINANCIAL POSITION

<i>As at 31st March,</i>		2016	2015
	Note	Rs.	Rs.
Assets			
Non Current Assets			
Property, Plant and Equipment	10	73,925,913	76,522,034
		<u>73,925,913</u>	<u>76,522,034</u>
Current Assets			
Inventories	11	112,799,219	178,701,862
Assets held for sale		-	400,000
Trade and other receivables	12	2,413,518	19,518,460
Deposit, prepayments and advances	13	21,322,427	11,095,393
Cash & Cash Equivalent	14	34,087,711	63,455,997
		<u>170,622,875</u>	<u>273,171,713</u>
Total Assets		<u>244,548,787</u>	<u>349,693,747</u>
Equity and Liabilities			
Equity			
Stated Capital	15	89,634,400	89,634,400
Retained Earnings	16	136,710,563	240,391,286
		<u>226,344,963</u>	<u>330,025,686</u>
Liabilities			
Non-current Liabilities			
Retirement benefit obligations	17	3,961,046	3,870,529
		<u>3,961,046</u>	<u>3,870,529</u>
Current Liabilities			
Trade and other payables	18	2,643,560	3,892,144
Income Tax Payable	19	2,130,524	8,781,055
Accrued expenses	20	9,468,694	3,124,332
		<u>14,242,779</u>	<u>15,797,531</u>
Total equity and liabilities		<u>244,548,787</u>	<u>349,693,747</u>
Net Assets per Ordinary Share	21	252.52	368.19

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)

09th May 2016

.....
(Director)



NAVAM LANKA LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2016

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01.04.2014	89,634,400	110,843,649	200,478,049
Total Comprehensive Income/ (Loss) for the period			
Profit for the year	-	129,547,636	129,547,636
Balance as at 31st March 2015	89,634,400	240,391,285	330,025,686
Balance as at 01.04.2015	89,634,400	240,391,285	330,025,686
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)
Balance as at 31st March 2016	89,634,400	136,710,562	226,344,963

Figures in brackets indicate deductions.

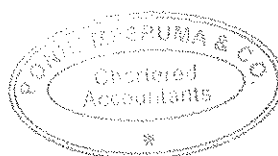
The Significant Accounting Policies and Notes on pages 06 to 15 form an integral part of these financial statements.



NAVAM LANKA LIMITED
STATEMENT OF CASH FLOW

<i>For the year ended 31st March</i>	2016	2015
	Rs.	Rs.
Cash flow from operating activities		
Net profit before taxation	55,828,282	146,279,925
<i>Adjustment for,</i>		
Depreciation	5,796,812	5,481,186
Discarded of Machineries	11,104,957	-
Gratuity provision	842,689	637,405
Interest expenses	1,967,579	8,591,198
Operating profit before working capital changes	75,540,319	160,989,714
(Increase) /decrease in inventories	65,902,643	28,251,860
(Increase) /decrease in trade and other receivables	17,104,942	37,469,917
(Increase) /decrease in deposits and prepayments	(10,227,034)	(2,254,582)
Increase /(decrease) in trade and other payables	5,093,542	1,510,974
Cash flow generated from operations	153,414,413	225,967,883
Tax paid	(13,781,055)	(10,372,429)
Interest paid	(1,967,579)	(8,591,198)
Gratuity Paid	(749,937)	(215,716)
Net cash flow from operating activities	136,915,841	206,788,540
Cash flow from investing activities		
Acquisition of property, plant and equipment	(13,905,650)	(1,393,092)
Sale proceeds on disposal of property, plant & equipment	-	-
Net cash used in investing activities	(13,905,650)	(1,393,092)
Cash flow from financing activities		
Repayment of term loan	-	(2,192,343)
Payment of dividend	(152,378,480)	(71,707,520)
Net cash used in financing activities	(152,378,480)	(73,899,863)
Net Increase / (Decrease) in Cash and Cash Equivalents	(29,368,287)	131,495,587
Cash and Cash Equivalents at Beginning of the Year	63,455,997	(68,039,590)
Cash and Cash Equivalents at End of the Year	34,087,711	63,455,997
At the End		
Cash in Hand	1,208,897	529,665
Cash at Bank	32,878,813	62,926,332
	34,087,711	63,455,997

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



NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

For the Year Ended 31st March 2016.

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, baling, 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 09th May 2016.

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 2016 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



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS (Contd....)

For the Year Ended 31st March 2016.

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.



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS (Contd....)

For The Year Ended 31st March 2015.

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

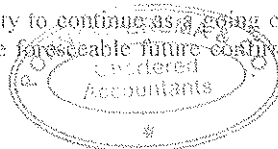
Employees are eligible for Employees' provident fund contribution and Employee' Trust Fund contribution in line with respective statutes and regulations. The Company contributes the defined percentage of gross emoluments of employees to an approved Employees' provident Fund and to the Employees' Trust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

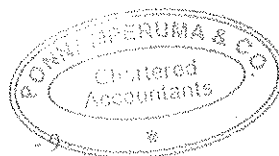
2.3 Going Concern

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

	2016	2015
	Rs.	Rs.
3. Revenue		
Exports	684,255,814	1,089,333,420
Indirect export	55,383,047	165,426,166
Local sales	2,529,133	33,125
	<u>742,167,994</u>	<u>1,254,792,711</u>
4. Other Income		
Interest on fixed deposits	7,564	-
Interest income	103,069	-
Misc. income	388,640	902,280
Foreign Exchange Gain/(Loss) -Net	2,307,472	-
	<u>2,806,746</u>	<u>902,280</u>
5. Administration Expenses		
Balance written-off	-	1,102,533
BOJ ground rent	750,616	636,931
Bonus	379,663	311,063
Business promotion	305,619	481,620
Staff training	82,551	122,752
Audit fees	127,776	116,160
Depreciation	522,024	339,860
Employees Provident Fund	1,358,563	1,459,598
Employees Trust Fund	339,635	364,976
Expatriates salaries	9,666,726	10,442,488
Gratuity to employees	842,689	637,405
Guest house expenses	1,093,909	897,704
Secretarial fees	52,290	98,347
Stamp Duty	3,100	468,260
Insurance expenses	102,798	104,987
ISO Expenses	125,252	28,903
Legal & professional fees	3,600	734,561
Building maintenance	-	27,535
Leave Encashment	663,176	811,251
Charity & Donation	23,000	520,000
Postage and courier	44,024	57,020
Printing and stationary	110,748	163,452
Security expenses	1,152,698	1,268,876
Staff salaries	3,359,479	2,669,788
Staff welfare	439,551	1,785,905
Telephone & communication	479,401	390,513
Traveling and conveyance	535,172	279,035
Foreign travelling	1,439,996	2,245,826
VAT charges (Disallowed)	26,037	19,108
Repair, maintenance IT equipment	42,020	19,040
Office Expenses	73,909	-
Mess Expenses	1,050,180	-
Inspection Charges, License Fee, Annual fee etc	981,178	-
Consultancy fees	882,440	-
Discarded of property, plant & equipment	11,104,957	-
Internal Audit & Solvency report	70,000	-
	<u>38,234,778</u>	<u>28,605,499</u>
6. Finance Expenses		
Foreign exchange loss	-	1,325,756
Bank commission & interest for C.C. & L.C.	1,967,579	8,591,198
	<u>1,967,579</u>	<u>9,916,953</u>



NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

<i>For the year ended 31st March</i>		2016	2015
		Rs.	Rs.
7. Selling & Distribution expenses			
Insurance marine & other		268,853	131,832
Misc. export expenses (Destination, demurrage, loading , other exp etc.)		5,050,370	9,814,929
Rebate & Shortage -F.G		264,375	1,638,686
Sales Commission		24,747,447	-
Vehicle maintenance		536,819	547,510
		<u>30,867,864</u>	<u>12,132,957</u>
8. Income Tax Expenses			
8.1 Major components of income tax expenses are as follows :			
Current tax expenses		7,130,524	16,732,288
		<u>7,130,524</u>	<u>16,732,288</u>
8.2 Numerical Reconciliation between the Tax Expense/(Income) and the 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		55,828,282	146,279,924
Add: disallowable expenses		17,774,158	7,106,851
		<u>73,602,440</u>	<u>153,386,776</u>
Capital allowance & income from other sources		(14,181,405)	(13,951,040)
Taxable profit for the year		<u>59,421,035</u>	<u>139,435,736</u>
Tax Expenses for the year		<u>7,130,524</u>	<u>16,732,288</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:			
		2015/2016	2014/2015
Amounts used as the Numerator			
Net Profit/ (Loss) Attributable to Ordinary Shareholders		48,697,757	129,547,636
Amount used as the Denominator			
Weighted Average Number of Ordinary Shares in Issue		896,344	896,344
Basic Earnings Per Ordinary Share (Rs.)		<u>54.33</u>	<u>144.53</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			
Final Dividend - 2014/2015		107,561,280	-
Interim Dividend - 2015/2016		44,817,200	-
		<u>152,378,480</u>	<u>-</u>
Weighted Average Number of Ordinary Shares		896,344	896,344
Dividend per Share (Rs.)		<u>170.00</u>	<u>-</u>



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

As at 31st March 2016

10. Property, plant and equipment

Rs.

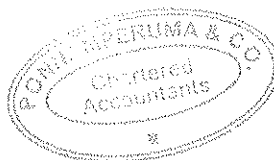
Description of the Assets	Land & Site development	Factory Building	Plant & Machinery	Office Equipment	Computer	Furniture & Fixture	Motor vehicles	Total
Rate of Depreciation		3.33%	5.00%	20.00%	25.00%	20.00%	10.00%	
As at 31.03.2014	715,805	47,265,887	71,056,647	215,383	714,251	880,786	6,049,176	126,897,936
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
Additions	-	1,687,829	12,029,657	188,165	-	-	-	13,905,650
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
Depreciation & Impairment								
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	3,587,372	44,896	14,700	3,847	276,417	5,481,186
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	50,411,350
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
As at 31.03.2016	715,805	27,274,604	43,088,265	877,764	15,686	15,073	1,941,718	73,925,915



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

<i>As at 31st March</i>		2016	2015
		Rs.	Rs.
11. Inventory			
Raw material		29,615,665	28,486,236
Consumables		16,620,070	16,450,310
Work-in-progress		38,579,299	37,216,090
Finished goods		27,984,185	96,549,226
		<u>112,799,219</u>	<u>178,701,862</u>
12. Trade and other receivables			
Leadstone Energy Ltd		-	6,194,047
Hansa American Corp.		-	11,739,559
VAT Refund receivable		2,413,518	1,584,854
		<u>2,413,518</u>	<u>19,518,460</u>
13. Deposits, prepayment and advances			
Refundable deposits	Note 13.1	770,000	932,221
Prepaid expenses		984,496	847,894
Advances	Note 13.2	19,567,930	9,315,278
		<u>21,322,427</u>	<u>11,095,393</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 Deposits - Customs		50,000	-
Security deposit other		108,500	320,721
		<u>770,000</u>	<u>932,221</u>
13.2 Advances			
Advance to Employee		-	650,410
Advance ag. Raw material supply		19,567,930	8,664,868
		<u>19,567,930</u>	<u>9,315,278</u>
14.1 Cash in hand		<u>1,208,897</u>	<u>529,665</u>
		<u>1,208,897</u>	<u>529,665</u>
14.2 Cash at bank			
Seylan Bank - Rupee account		3,351,411	4,253,779
State Bank of India - SLR limit account		29,154,645	58,397,358
State Bank of India - L.K.R (FDR)		372,757	275,194
		<u>32,878,813</u>	<u>62,926,332</u>
		<u>34,087,711</u>	<u>63,455,997</u>



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

As at 31st March 2016

15. Stated Capital	As at 31.03.2016	As at 31.03.2015
Ordinary Shares	Nos.	Nos.
Number of Shares		
Balance as at 01st April	896,344	896,344
Balance as at 31st March	896,344	896,344
Value of Shares (Rs.)	Rs.	Rs.
Balance as at 01st April	89,634,400	89,634,400
Balance as at 31st March	89,634,400	89,634,400
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 31.03.2016	As at 31.03.2015
	Rs.	Rs.
For the year ended		
Balance brought forward	240,391,286	110,843,650
Net profit for the year	48,697,757	129,547,636
Interim Dividend	(137,140,632)	-
Dividend Tax	(15,237,848)	-
	136,710,563	240,391,286
17. Retirement benefit obligation		
At beginning of the year	3,870,529	3,448,840
Charge for the year	842,689	637,405
	4,710,983	4,086,245
Paid during the year	(749,937)	(215,716)
At end of the year	3,961,046	3,870,529
18. Trade and other payables		
Sri Vaaru Metallurgicals (P) Ltd.	-	2,693,064
Kinematics INC	-	1,199,080
Trade creditors	2,643,560	-
	2,643,560	3,892,144



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

<i>As at 31st March</i>	2016	2015
	Rs.	Rs.
19. Income Tax Payable		
Opening Balance	8,781,055	2,421,196
Provision for the year	7,130,524	16,732,288
	15,911,580	19,153,484
Payment during the year	(13,781,055)	(10,372,429)
Closing Balance	<u>2,130,524</u>	<u>8,781,055</u>
20. Accrued expenses		
Audit fees payable	127,776	116,160
Employees Provident Fund & Trust Fund Payable	181,359	281,699
Leave encashment	433,728	402,432
NBT payable	35,188	-
PAYE tax payable	22,456	33,717
Bonus payable	308,023	360,451
Salaries and other payables	8,196,927	1,929,874
VAT Payable	163,238	-
	<u>9,468,694</u>	<u>3,124,332</u>

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 31.03.2016	As at 31.03.2015
	Rs.	Rs.
Amounts used as the Numerator		
Total equity attributable to Equity Holders of the Company	226,344,963	330,025,686
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>252.52</u>	<u>368.19</u>

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

Name of Company	Sales	Purchase	Balance Dr.	Balance Cr.
Gravita India Limited		15,657,072	-	-



As at 31st March 2016

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

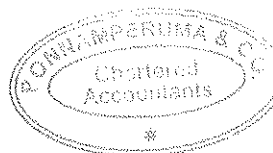
There have been no material events occurred between date of financial position and the date on which the financial statements are authorized for issues that require adjustments to or disclosure in the financial statements

26. Comparative Information's

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

27. Commitments and Contingencies

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



NAVAM LANKA LIMITED

SCHEDULE TO THE ACCOUNTS

For the year ended 31st March

		2016	2015
		Rs.	Rs.
Sch.01	Cost of sales		
	Raw material		
	Inventory - beginning of the year	28,486,236	25,223,199
	Purchases	462,183,598	925,995,322
	Import expenses and freight inward	2,124,955	5,003,755
	Inventory - end of the year	(29,615,665)	(28,486,236)
		463,179,124	927,736,040
	Direct expenses Sch.01.(A)	11,829,528	15,257,361
	Prime cost	475,008,652	942,993,401
	Factory overheads Sch.01.(B)	23,426,573	26,171,796
	Consumables		
	Opening stock	16,450,310	14,878,785
	Add : purchase	52,608,940	58,079,563
		69,059,250	72,958,348
	Closing stock	(16,620,070)	(16,450,310)
		52,439,180	56,508,038
	Works in progress - beginning of the year	37,216,090	98,338,739
	Works in progress - end of the year	(38,579,299)	(37,216,090)
	Cost of goods manufactured	549,511,196	1,086,795,884
	Stock in transit - beginning of the year	-	975,197
		549,511,196	1,087,771,081
	Finished goods - beginning of the year	96,549,226	67,537,802
	Finished goods - end of the year	(27,984,185)	(96,549,226)
	Cost of sales	618,076,237	1,058,759,658
Sch.	Direct expenses		
01.(A)	Labor & wages	11,565,291	14,961,333
	Production Incentives	13,043	80,479
	Employees Provident Fund	200,956	172,439
	Employees Trust Fund	50,238	43,110
		11,829,528	15,257,361
Sch.	Factory overheads		
01.(B)	Machinery, repairs and maintenance & Factory Repairs	6,719,767	10,279,409
	Electricity	6,612,550	8,660,799
	Labor welfare	4,207,846	1,419,521
	Depreciation	5,274,788	5,141,326
	Insurance - Factory	227,461	292,045
	Water, packing material & other expenses	384,162	378,696
		23,426,573	26,171,796



NAVAM LANKA LIMITED

SCHEDULE TO THE ACCOUNTS (Contd...)

For the year ended 31st March

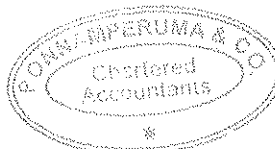
	2016	2015
	Rs.	Rs.
Sch-02 Term Loan - State bank of India		
Balance B/F	-	2,192,343
Payment during the year	-	(2,192,343)
Balance C/F	-	-

Sch-03 Name of shareholders

Names	Country	as at 31.03.2016		as at 31.03.2015	
		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%	-	0.00%
11. Gravita Netherlands B.V	Netherlands	466,062	52.00%	466,062	52.00%
		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 2015 to 31st March 2016

Year of assessment : 2015/2016

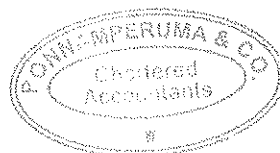
			Rs.
Net profit as per accounts			55,828,282
Add: disallowable expenses			
Gratuity provision		842,689	
Depreciation		5,796,812	
Legal fees		3,600	
Stamp Duty		3,100	
Loss on disposal of assets		11,104,957	
Charity and Donation		23,000	17,774,158
			<u>73,602,440</u>
Less: Capital allowance & income from other sources			
Gratuity payment		749,937	
Capital allowance	Annexure I	13,431,468	(14,181,405)
Taxable profit for the year			<u>59,421,035</u>
Income Tax	59,421,035	@ 12%	7,130,524
Income Tax paid		5,000,000	
W.H.T paid		-	(5,000,000)
Balance Tax Payable			<u>2,130,524</u>



NAVAM LANKA LIMITED
ANNEXURE TO THE TAX COMPUTATION
YEAR OF ASSESSMENT 2015/2016

1. Capital allowances

Assets	Rate	Cost	Unexpired Beginning	Allowance Claimed	Unexpired Ending
<u>2015/16</u>					
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
		13,905,650	13,905,650	4,185,129	9,720,521
<u>2014/15</u>					
Plant & Machinery	33.33%	601,660	401,127	200,533	200,594
Office Equipment	33.33%	772,432	514,980	257,452	257,528
Furniture & Fixture	20.00%	19,000	15,200	3,800	11,400
		1,393,092	931,307	461,785	469,522
<u>2013/2014</u>					
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
		3,412,393	2,129,972	641,210	1,488,762
<u>2012/2013</u>					
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
		5,557,499	3,473,436	694,687	2,778,749
<u>2011/2012</u>					
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
		41,296	20,025	4,987	15,038
<u>2010/2011</u>					
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
		12,090,099	4,533,786	1,511,262	3,022,524
<u>2009/2010</u>					
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
		1,161,096	549,034	102,010	447,024



Assets	Rate	Cost	Unexpired Beginning	Allowance Claimed	Unexpired Ending
Assets	Rate	Cost	Unexpired Beginning	Allowance Claimed	Unexpired Ending
<u>2008/2009</u>					
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 400KVA	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
		<u>2,076,063</u>	<u>346,372</u>	<u>252,305</u>	<u>94,067</u>
<u>2007/2008</u>					
<u>2007/2008</u>					
Dish Antenna	12.5%	31,600	1,420	1,420	-
TV - Crown	12.5%	20,500	921	921	-
Washing Machine	12.5%	11,000	494	494	-
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
Air Conditioner	12.5%	42,745	1,920	1,920	-
Mobile Nokia 5610	12.5%	36,000	1,617	1,617	-
Rotary No. 2	12.5%	55,192,370	2,479,345	2,479,345	-
PP Crusher - New	12.5%	681,106	30,597	30,597	-
Tools & Equipment	12.5%	21,850	982	982	-
		<u>56,989,931</u>	<u>2,956,763</u>	<u>2,578,844</u>	<u>377,919</u>
<u>2006/2007</u>					
Office equipment	12.5%	59,581	10,124	7,448	2,676
		<u>59,581</u>	<u>10,124</u>	<u>7,448</u>	<u>2,676</u>
<u>2005/2006</u>					
Building	6.67%	105,401	2,676	2,676	-
		<u>105,401</u>	<u>2,676</u>	<u>2,676</u>	<u>-</u>
<u>2004/2005</u>					
Building	6.67%	60,000	16,000	4,000	12,000
		<u>60,000</u>	<u>16,000</u>	<u>4,000</u>	<u>12,000</u>
<u>2003/2004</u>					
Building	6.67%	12,670	2,534	845	1,689
		<u>12,670</u>	<u>2,534</u>	<u>845</u>	<u>1,689</u>
<u>2002/2003</u>					
Building	6.67%	23,561,346	3,141,513	1,570,756	1,570,756
		<u>23,561,346</u>	<u>3,141,513</u>	<u>1,570,756</u>	<u>1,570,756</u>
<u>2001/2002</u>					
Building	6.67%	21,202,834	1,413,522	1,413,522	0
		<u>21,202,834</u>	<u>1,413,522</u>	<u>1,413,522</u>	<u>0</u>
TOTAL		<u>141,598,950</u>	<u>33,432,715</u>	<u>13,431,468</u>	<u>20,001,248</u>

