

NAVAM LANKA LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2020

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PONNAMPERUMA & CO.
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NAVAM LANKA LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Navam Lanka Limited (the Company), which comprise the statement of financial position as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-Sized Entities (SLFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information may cover, but not limited to any report or document which may accompany this financial statement. Our opinion on the financial statements does not cover such other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium-Sized Entities (SLFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

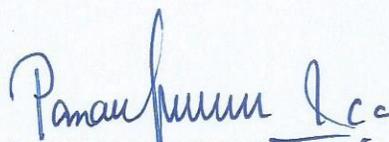
Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing website at <http://slaasc.lk/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

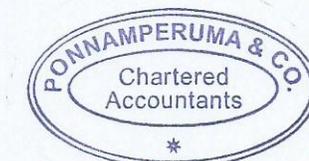
Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.



PONNAMPERUMA & Co.
Chartered Accountants
Colombo.

11th June 2020



NAVAM LANKA LIMITED

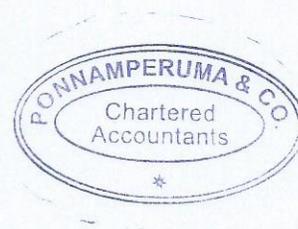
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March

	Note	2020 Rs.	2019 Rs.
Revenue	3	1,407,960,725	1,424,466,522
Cost of Sales		(1,148,786,618)	(1,125,332,141)
Gross profit		259,174,107	299,134,381
Other Income	4	8,909,724	8,977,452
		268,083,831	308,111,833
Administration Expenses	5	(43,463,401)	(48,594,752)
Finance Expenses	6	(6,925,190)	(6,922,194)
Selling & Distribution expenses	7	(13,245,402)	(14,802,658)
Profit Before Taxation		204,449,838	237,792,229
Income Tax Expenses	8	(29,003,410)	(32,919,304)
Net Profit for the year from Continuing Operations		175,446,428	204,872,925
Other Comprehensive Income		-	-
Total Comprehensive Income / (Expense) for the year		175,446,428	204,872,925
Basic Earnings/(Loss) Per Ordinary Share (Rs.)	9.1	195.74	228.57
Dividend Per Ordinary Share (Rs.)	9.2	170.00	225.00

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 07 to 16 form an integral part of these financial statements



NAVAM LANKA LIMITED
STATEMENT OF FINANCIAL POSITION

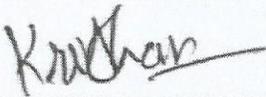
As at 31st March,

		2020	2019
	Note	Rs.	Rs.
Assets			
Non Current Assets			
Property, Plant and Equipment	10	10,23,84,810	8,30,90,215
Capital Work in Progress		26,01,260	1,80,41,529
		10,49,86,070	10,11,31,744
Current Assets			
Inventories	11	16,02,18,975	16,11,78,716
Trade and other receivables	12	17,88,59,004	13,39,95,025
Deposit, prepayments and advances	13	44,03,523	38,29,247
Cash & Cash Equivalent	14	1,70,39,294	39,57,303
		36,05,20,796	30,29,60,290
Total Assets		46,55,06,866	40,40,92,036
Equity and Liabilities			
Stated Capital	15	8,96,34,400	8,96,34,400
Retained Earnings	16	18,54,45,601	16,23,77,653
		27,50,80,001	25,20,12,053
Liabilities			
Non-current Liabilities			
Retirement benefit obligations	17	67,53,568	62,66,124
		67,53,568	62,66,124
Current Liabilities			
Trade and other payables	18	43,53,559	1,52,32,428
Income Tax Payable	19	43,13,934	1,43,43,320
Accrued expenses	20	57,06,886	1,11,74,064
Bank Overdrafts - State Bank of India		16,92,98,918	10,50,64,045
		18,36,73,297	14,58,13,857
Total equity and liabilities		46,55,06,866	40,40,92,036
Net Assets per Ordinary Share	21	306.89	281.16

The Significant Accounting Policies and Notes on pages 07 to 16 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 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)

11th June 2020

.....
(Director)



NAVAM LANKA LIMITED

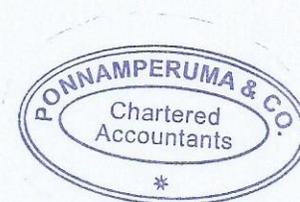
STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2020

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01.04.2018	89,634,400	159,182,128	248,816,528
Profit for the year	-	204,872,925	204,872,925
Interim Dividend Paid -2018/2019	-	(112,043,000)	(112,043,000)
Final Dividend paid - 2018/2019	-	(89,634,400)	(89,634,400)
Balance as at 31st March 2019	<u>89,634,400</u>	<u>162,377,653</u>	<u>252,012,053</u>
Balance as at 01.04.2019	89,634,400	162,377,653	252,012,053
Profit for the year	-	175,446,428	175,446,428
Dividend Paid -2019/2020	-	(152,378,480)	(152,378,480)
Balance as at 31st March 2020	<u>89,634,400</u>	<u>185,445,601</u>	<u>275,080,001</u>

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 07 to 16 form an integral part of these financial statements



NAVAM LANKA LIMITED
STATEMENT OF CASH FLOW

For the year ended 31st March

	2020	2019
	Rs.	Rs.
Cash flow from operating activities		
Net profit before taxation	204,449,838	237,792,229
<i>Adjustment for,</i>		
Depreciation	8,138,101	7,199,149
Loss on Discarded of Machineries	3,280,870	4,190,788
Gratuity provision	1,184,924	1,438,374
Interest expenses	6,925,190	6,922,194
Operating profit before working capital changes	223,978,923	257,542,735
(Increase) /decrease in inventories	959,741	(20,109,148)
(Increase) /decrease in trade and other receivables	(44,863,979)	24,618,753
(Increase) /decrease in deposits and prepayments	(574,276)	(670,480)
Increase /(decrease) in trade and other payables	(16,346,047)	7,650,091
Cash flow generated from operations	163,154,362	269,031,951
Tax paid	(39,032,796)	(30,681,239)
Interest paid	(6,925,190)	(6,922,194)
Gratuity Paid	(697,482)	-
Net cash flow from operating activities	116,498,895	231,428,518
Cash flow from investing activities		
Acquisition of property, plant and equipment	(15,551,073)	(12,201,111)
Sale proceeds on disposal of property, plant & equipment	277,778	121,739
Capital Work in Progress	-	(16,100,537)
Net cash used in investing activities	(15,273,296)	(28,179,909)
Cash flow from financing activities		
Dividend Paid	(152,378,480)	(201,677,400)
Net cash used in financing activities	(152,378,480)	(201,677,400)
Net Increase / (Decrease) in Cash and Cash Equivalents	(51,152,879)	1,571,208
Cash and Cash Equivalents at Beginning of the Year	(101,106,745)	(102,677,953)
Cash and Cash Equivalents at End of the Year	(152,259,624)	(101,106,745)
<i>At the End</i>		
Cash in Hand	754,344	653,032
Cash at Bank	16,284,950	3,304,271
Bank Overdrafts	(169,298,918)	(105,064,045)
	(152,259,624)	(101,106,745)

The Significant Accounting Policies and Notes on pages 07 to 16 form an integral part of these financial statements



NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

For the Year Ended 31st March 2020.

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 11th June 2020.

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 2020 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 2020.

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 recognized 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 2020.

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.

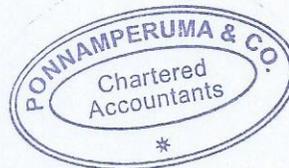


NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31st March

	2020 Rs.	2019 Rs.
3. Revenue		
Exports	1,368,426,854	1,200,765,128
Indirect export	37,608,040	206,801,710
Local sales	1,925,831	16,899,684
	<u>1,407,960,725</u>	<u>1,424,466,522</u>
4. Other Income		
Foreign Exchange Gain -Net	8,909,724	3,309,409
Reversal of provision - Rebate & Shortage -F.G	-	4,692,655
Miscellaneous Income	-	975,388
	<u>8,909,724</u>	<u>8,977,452</u>
5. Administration Expenses		
BOI ground rent	1,395,686	1,007,404
Bonus	389,993	473,113
Business promotion	527,363	442,865
Staff training	-	3,000
Safety Gear Expenses	1,644,973	1,502,455
Audit fees	203,442	170,500
Non-Audit charges	55,000	91,818
Depreciation	1,700,965	1,485,660
Employees Provident Fund	2,124,725	1,940,032
Employees Trust Fund	531,183	483,962
Expatriates salaries	14,726,133	19,167,794
Gratuity to employees	1,184,924	1,438,374
Guest house expenses	2,033,718	1,674,541
Legal fees	49,490	52,190
Leave Encashment	1,086,253	1,172,041
Charity & Donation	10,000	937,000
Postage and courier	102,006	40,681
Printing and stationary	210,965	167,449
Security expenses	1,758,917	1,607,076
Staff salaries	3,289,162	3,057,766
Staff welfare	577,411	594,147
Telephone & communication	507,424	433,763
Traveling and conveyance	2,198,558	2,764,767
Foreign travelling & work visa	536,657	355,657
VAT charges (Disallowed input)	-	5,797
Nations Building Tax	19,185	337,996
Repair, maintenance IT equipment	73,677	37,275
Office Expenses	58,942	148,639
Mess Expenses	1,074,081	1,067,470
Inspection Charges, License Fee, Annual fee etc.	629,431	1,031,439
Consultancy fees	855,280	648,488
Loss on Discarded of property, plant & equipment	3,280,870	4,190,788
Repair, maintenance-Office, Guest House	91,475	62,803
Corporate Social Responsibility Expenses	468,012	-
Waste & Disposal Expenses	67,500	-
	<u>43,463,401</u>	<u>48,594,752</u>

Note No.17



NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31st March

	2020 Rs.	2019 Rs.
6. Finance Expenses		
Bank commission & interest for C.C. & L.C.	6,925,190	6,922,194
	<u>6,925,190</u>	<u>6,922,194</u>
7. Selling & Distribution expenses		
Insurance marine & other	408,890	863,364
Misc. export expenses (Destination, demurrage, loading , other exp etc.)	6,097,850	5,464,414
Sales Commission	3,982,113	6,587,131
Ocean Freight- Export	16,153	476,332
Vehicle maintenance	1,275,595	1,411,418
Bad & Doubtful Debts	1,464,801	-
	<u>13,245,402</u>	<u>14,802,658</u>
8. Income Tax Expenses		
8.1 Major components of income tax expenses are as follows :		
Current tax expenses	29,003,410	32,919,304
	<u>29,003,410</u>	<u>32,919,304</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 bellow.		
Accounting Profit before Taxation	204,449,838	237,792,229
Add: disallowable expenses	14,527,083	13,817,501
	218,976,921	251,609,730
Capital allowance & income from other sources	(11,809,708)	(16,471,848)
Taxable profit for the year	<u>207,167,213</u>	<u>235,137,882</u>
Tax Expenses for the year	<u>29,003,410</u>	<u>32,919,304</u>
8.3 Applicable Rate of Income Tax		
The tax liability of the company has been computed at	14%	14%
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:		
	2019/2020	2018/2019
Amounts used as the Numerator		
Net Profit/ (Loss) Attributable to Ordinary Shareholders	175,446,428	204,872,925
Amount used as the Denominator		
Weighted Average Number of Ordinary Shares in Issue	896,344	896,344
Basic Earnings Per Ordinary Share (Rs.)	<u>195.74</u>	<u>228.57</u>
Weighted Average Number of Ordinary Shares		
Total as at beginning of the period	Nos. 896,344	Nos. 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		
Dividend Paid	Rs.	Rs.
Final Dividend - previous year	152,378,480	112,043,000
Interim Dividend - Current year	-	89,634,400
	<u>152,378,480</u>	<u>201,677,400</u>
Dividend per Share (Rs.)	170.00	225.00



NAVAM LANKA LIMITED

NOTES TO THE ACCOUNTS

As at 31st March 2020

10. Property, Plant and Equipment

"LKR"

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 31.03.2018	715,805	48,415,710	75,589,605	1,092,784	150,440	592,929	411,505	11,039,292	138,008,070
Trf from CWIP	-	-	-	-	-	-	-	-	-
Additions	-	17,350	12,039,227	127,537	-	16,997	-	-	12,201,111
Deductions	-	-	(9,384,580)	-	-	(1,267)	-	-	(9,385,846)
As at 31.03.2019	715,805	48,433,060	78,244,252	1,220,321	150,440	608,658	411,505	11,039,292	140,823,335
Trf to Leasehold assets	-	-	-	-	-	-	-	-	-
Additions	1,837,070	1,476,065	24,697,679	2,722,166	36,900	221,464	-	-	30,991,343
Discarded/Disposal	-	-	(4,813,414)	(74,482)	-	-	-	-	(4,887,896)
As at 31.03.2020	2,552,875	49,909,125	98,128,518	3,868,005	187,340	830,122	411,505	11,039,292	166,926,782
Depreciation & Impairment									
As at 31.03.2018	-	24,368,593	28,246,135	312,438	85,157	374,317	176,158	2,044,493	55,607,291
Adjustments	-	-	-	-	-	-	-	-	-
Depreciation for the period	-	1,612,302	4,101,186	231,891	22,910	52,058	102,876	1,075,925	7,199,149
Deductions	-	-	(5,072,052)	-	-	(1,267)	-	-	(5,073,319)
As at 31.03.2019	-	25,980,895	27,275,269	544,329	108,067	425,108	279,034	3,120,418	57,733,120
Adjustments	-	-	-	-	-	-	-	-	-
Depreciation for the period	-	1,620,879	4,816,257	425,617	24,725	71,822	102,876	1,075,925	8,138,101
Discarded/Disposal	-	-	(1,254,767)	(74,482)	-	-	-	-	(1,329,249)
As at 31.03.2020	-	27,601,774	30,836,759	895,464	132,792	496,930	381,910	4,196,343	64,541,973
Net Book Value									
As at 31.03.2018	715,805	24,047,117	47,343,470	780,346	65,283	218,612	235,347	8,994,799	82,400,779
As at 31.03.2019	715,805	22,452,165	50,968,983	675,992	42,373	183,550	132,470	7,918,874	83,090,215
As at 31.03.2020	2,552,875	22,307,351	67,291,759	2,972,541	54,548	333,192	29,594	6,842,949	102,384,810



NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

As at 31st March 2020

	2020	2019
	Rs.	Rs.
11. Inventory		
Raw material	33,438,868	22,294,714
Consumables	32,650,227	34,555,975
Work-in-progress	23,538,768	54,620,236
Finished goods	70,591,112	49,707,791
	160,218,975	161,178,716
12. Trade and other receivables		
Trade Receivable-Domestic	1,464,801	19,654,346
Trade Receivable-Foreign	4,083,119	16,867,415
Trade Receivable-Group Company-Export	168,554,624	92,747,734
PAYE Tax recoverable (from staff)	15,217	-
VAT Refund receivable	4,741,243	4,725,528
	178,859,004	133,995,025
13. Deposits, prepayment and advances		
Refundable deposits	1,696,500	1,696,500
Prepaid expenses- Current	2,346,749	1,476,032
Prepaid Insurance	270,182	340,216
Advances	90,092	316,500
	4,403,523	3,829,247
13.1 Refundable Deposits		
Ceylon Electricity Board (Security deposit)	500,000	500,000
Security deposit to Vendor	1,196,500	1,196,500
	1,696,500	1,696,500
13.2 Advances		
Advance-Administration	35,000	30,000
Advance- Staff Salary	-	22,500
Advance - Labour	5,092	5,000
Advance to Employees	50,000	259,000
	90,092	316,500
14.1 Cash in hand	754,344	653,032
	754,344	653,032
14.2 Cash at bank		
Seylan Bank - Rupee account	15,571,316	2,655,487
State Bank of India - LKR (FDR)	713,634	648,783
	16,284,950	3,304,271
	17,039,294	3,957,303



NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

As at 31st March 2020

15. Stated Capital

	As at 31.03.2020	As at 31.03.2019
	Nos.	Nos.
Ordinary Shares		
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.)		
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 31.03.2020	As at 31.03.2019
	Rs.	Rs.
For the year ended		
Balance brought forward	162,377,653	159,182,128
Net profit for the year	175,446,428	204,872,925
Dividend	(152,378,480)	(201,677,400)
	185,445,601	162,377,653

17. Retirement benefit obligation

At beginning of the year	6,266,124	4,827,750
Charge for the year	1,184,924	1,438,374
	7,451,050	6,266,124
Paid during the year	(697,482)	-
At end of the year	6,753,568	6,266,124

18. Trade and other payables

Trade creditors	1,000,577	12,132,241
Gravita India Limited	1,977,548	3,038,312
Trade Payables- Employee Payable Ac	38,005	-
Trade payable - Professional fees	44,600	58,875
PAYE Tax Payable	15,217	-
Withholding Tax Payable	-	3,000
Current Account-GINL	585,767	-
Advance from Customer - International	691,845	-
	4,353,559	15,232,428



NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

As at 31st March 2020

		2020	2019
		Rs.	Rs.
19. Income Tax Payable			
Opening Balance		14,343,320	12,105,254
Provision for the year		29,003,410	32,919,304
		43,346,730	45,024,559
Payment during the year	2017/2018	-	(9,687,592)
	2018/2019	(12,702,946)	(8,661,170)
	2019/2020	(19,261,095)	-
Economic Service Charge Paid	2016/2017	-	(4,432,855)
	2017/2018	-	(2,417,661)
	2018/2019	(1,640,372)	(5,481,961)
	2019/2020	(5,428,383)	-
Closing Balance		4,313,934	14,343,320
20. Accrued expenses			
Audit fees payable		187,550	170,500
Provision for Bonus		516,502	546,625
Provision for Administration Expenses		2,037,260	813,128
Provision for Sales Commission		-	2,177,870
Leave encashment		977,861	476,778
NBT payable		-	2,912
Salaries and other payables		1,831,747	6,746,473
VAT Payable		6,441	4,647
GR/IR Clearing Account-Services		149,525	235,131
		5,706,886	11,174,064

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.

Amounts used as the Numerator

Total equity attributable to Equity Holders of the Company 275,080,001 252,012,053

Amount used as the Denominator

Number of Ordinary Shares in issue as at the Balance Sheet date 896,344 896,344

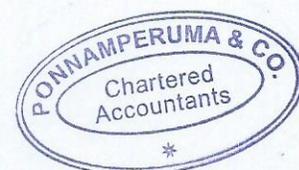
Net Assets per Ordinary Share (Rs.) **306.89** **281.16**

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	1,170,632,958	16,214,026	168,554,624	1,660,636



NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

As at 31st March 2020

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

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

For the year ended 31st March

		2020	2019
		Rs.	Rs.
Sch.01 Cost of sales			
Raw material			
Inventory - beginning of the year		22,294,714	40,795,001
Purchases		989,671,480	964,231,927
Inventory - end of the year		(33,438,868)	(22,294,714)
		978,527,326	982,732,214
Direct expenses	Sch.01.(A)	22,992,719	22,311,495
Prime cost		1,001,520,045	1,005,043,709
Factory overheads	Sch.01.(B)	35,220,935	37,658,070
Consumables			
Opening stock		34,555,975	23,619,426
Add : purchase		99,941,743	121,239,797
		134,497,718	144,859,223
Closing stock		(32,650,227)	(34,555,975)
		101,847,491	110,303,248
Works in progress - beginning of the year		54,620,236	58,965,429
Works in progress - end of the year		(23,538,768)	(54,620,236)
Cost of goods manufactured		1,169,669,939	1,157,350,220
Finished goods - beginning of the year		49,707,791	17,689,712
Finished goods - end of the year		(70,591,112)	(49,707,791)
Cost of sales		1,148,786,618	1,125,332,141
Sch. Direct expenses			
01.(A) Labor & wages		22,589,290	21,952,450
Employees Provident Fund		322,739	294,753
Employees Trust Fund		80,690	64,292
		22,992,719	22,311,495
Sch. Factory overheads			
01.(B) Machinery, repairs and maintenance & Factory Repairs		18,509,337	21,304,326
Electricity		7,437,819	7,987,323
Medical Insurance		151,473	282,936
Labor welfare		1,883,112	1,567,925
Depreciation		6,437,136	5,713,488
Insurance - Factory		261,908	257,432
Water, packing material & other expenses		540,150	544,640
		35,220,935	37,658,070



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

As at 31st March 2020

Sch.02

Discarded of property, plant & equipment

Description	Cost	Acc. Depn	N.B.V	Sale Proceeds	Loss
Air Compressor	128,368	88,115	40,253	-	40,253
Power Factor Panel	168,963	55,106	113,857	-	113,857
C I Ladle	419,885	92,033	327,852	-	327,852
Separator Washing Machine	450,577	303,004	147,573	-	147,573
Refining Kettle 30 MT	495,891	231,613	264,278	-	264,278
ID Fan With Motor	259,965	46,301	213,664	-	213,664
Refining POT 30 MT	608,230	125,077	483,153	-	483,153
Agitator System	50,680	27,636	23,044	-	23,044
Fork Lift	650,000	116,570	533,430	138,889	394,542
SG Ladle 1.65MT	198,398	33,787	164,611	-	164,611
Forklift Toyota-2 MT	662,000	105,210	556,790	138,889	417,902
Refinery Hood-Refinery	720,457	30,316	690,141	-	690,141
Air Conditioner-Split	74,482	74,482	-	-	-
	4,887,896	1,329,249	3,558,648	277,778	3,280,870

Sch.03 Name of shareholders

Names	Country	as at 31.03.2020		as at 31.03.2019	
		No. of Shares	%	No. of Shares	%
1 Mr. Ramesh Agrawal	India	-	0.00%	127,622	14.24%
2 Mrs. Asha Mittal	India	-	0.00%	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%
9 Mittal Pigments Pvt Ltd	India	206,025	22.99%	-	0.00%
		896,344	100.00%	896,344	100%



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 2019 to 31st March 2020

Year of assessment : **2019/2020**

	Rs.	Rs.
Net profit as per accounts		204,449,838
Add: disallowable expenses		
Gratuity provision	1,184,924	
Depreciation	8,138,101	
Legal fees	49,490	
Loss on disposal of assets	3,280,870	
Ground Rent - Amortization	1,395,686	
CSR Project	468,012	
Charity and Donation	10,000	14,527,083
		<u>218,976,921</u>
Less: Capital allowance & income from other sources		
Ground Rent Paid - BOI	1,397,389	
Gratuity Paid	697,482	
Capital allowance	9,714,838	
Taxable Loss on Disposals	-	(11,809,708)
Taxable profit for the year		<u>207,167,213</u>

Income Tax 207,167,213 @ 14% **29,003,410**

Tax Credits

	Date	Period	Amount	
Income Tax paid	13/8/2019	19201	6,698,027	
	13/11/2019	19202	6,287,680	
	12/2/2020	19203	6,275,388	
			<u>19,261,095</u>	
ESC paid	31.07.2019	19201	1,531,799.00	
	14.10.2019	19202	1,942,146.00	
	31.03.2020	19203	1,954,438.00	5,428,383 (24,689,478)
Balance Tax Payable				<u><u>4,313,932</u></u>

