NAVAM LANKA LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2021

PONNAMPERUMA & Co.
(Chartered Accountants),
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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, 2021, 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, 2021, 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.

PONNAMPERUMA & CO. Chartered Accountants

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P. A. Nandasiri FCA, MBA (USQ), FCMA,

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.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PONNAMPERUMA & Co.
Chartered Accountants
Colombo.
May 18, 2021

PONNAMPERUMA & CO.
Chartered Accountants

NAVAM LANKA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March	Note	2021 Rs.	2020 Rs.
Revenue	3	1,388,007,333	1,407,960,725
Cost of Sales		(1,062,699,961)	(1,148,786,618)
Gross profit		**325,307,372**	**259,174,107**
Other Income	4	-	8,909,724
		325,307,372	**268,083,831**
Administration Expenses	5	(50,471,916)	(43,463,401)
Finance Expenses	6	(7,334,960)	(6,925,190)
Selling & Distribution expenses	7	(6,204,338)	(13,245,402)
Profit Before Taxation		**261,296,158**	**204,449,838**
Income Tax Expenses	8	(36,830,799)	(29,003,410)
Net Profit for the year from Continuing Operations		**224,465,359**	**175,446,428**
Other Comprehensive Income		-	-
Total Comprehensive Income / (Expense) for the year		**224,465,359**	**175,446,428**
Basic Earnings/(Loss) Per Ordinary Share (Rs.)	9.1	**250.42**	**195.74**
Dividend Per Ordinary Share (Rs.)	9.2	-	**170.00**

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 07 to 15 form an integral part of these financial statements.

PONNAMPERUMA & CO. Chartered Accountants

NAVAM LANKA LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31st March,	Note	2021 Rs.	2020 Rs.
Assets			
Non-Current Assets			
Property, Plant & Equipment and Right of Use Assets	10	88,587,825	102,384,810
Capital Work-in-Progress		13,743,583	2,601,260
		102,331,408	**104,986,070**
Current Assets			
Inventories	11	170,695,242	160,218,975
Trade and Other Receivables	12	385,131,650	178,859,004
Deposit, Prepayments and Advances	13	3,660,690	4,403,523
Cash & Cash Equivalent	14	11,589,365	17,039,294
		571,076,947	**360,520,796**
Total Assets		**673,408,355**	**465,506,866**
Equity and Liabilities			
Stated Capital	15	89,634,400	89,634,400
Retained Earnings	16	409,910,960	185,445,601
		499,545,360	**275,080,001**
Liabilities			
Non-current Liabilities			
Retirement Benefit Obligations	17	8,072,679	6,753,568
		8,072,679	**6,753,568**
Current Liabilities			
Trade and Other Payables	18	4,435,352	4,353,559
Income Tax Payable	19	20,516,384	4,313,934
Accrued Expenses	20	12,375,510	5,706,886
Bank Overdrafts - SBI (A/c No. 25140045620005) - USD		128,463,071	169,298,918
		165,790,317	**183,673,297**
Total equity and liabilities		**673,408,355**	**465,506,866**
Net Assets per Ordinary Share	21	**557.31**	**306.89**

The Significant Accounting Policies and Notes on pages 07 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)

18th May 2021

....

(Director)

PONNAMPERUMA & CO.
Chartered Accountants

NAVAM LANKA LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2021

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
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	**89,634,400**	**185,445,601**	**275,080,001**
Balance as at 01.04.2020	**89,634,400**	**185,445,601**	**275,080,001**
Profit for the year	-	224,465,359	224,465,359
Balance as at 31st March 2021	**89,634,400**	**409,910,960**	**499,545,360**

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 07 to 15 form an integral part of these financial statements.

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Chartered Accountants

NAVAM LANKA LIMITED
STATEMENT OF CASH FLOW

For the year ended 31st March	2021	2020
	Rs.	Rs.
Cash flow from operating activities		
Net profit before taxation	261,296,158	204,449,838
Adjustment for,		
Depreciation	8,575,395	8,138,101
Loss on Discarded of Machineries	8,170,012	3,280,870
Gratuity provision	1,871,286	1,184,924
Interest expenses	8,121,984	6,925,190
Operating profit before working capital changes	**288,034,834**	**223,978,923**
(Increase) /decrease in inventories	(10,476,267)	959,741
(Increase) /decrease in trade and other receivables	(206,272,646)	(44,863,979)
(Increase) /decrease in deposits and prepayments	742,833	(574,276)
Increase /(decrease) in trade and other payables	6,750,417	(16,346,047)
Cash flow generated from operations	**78,779,170**	**163,154,362**
Tax paid	(20,628,349)	(39,032,796)
Interest paid	(8,121,984)	(6,925,190)
Gratuity Paid	(552,175)	(697,482)
Net cash flow from operating activities	**49,476,663**	**116,498,895**
Cash flow from investing activities		
Acquisition of property, plant and equipment	(2,948,422)	(15,551,073)
Sale proceeds on disposal of property, plant & equipment	-	277,778
Capital Work in Progress	(11,142,323)	-
Net cash used in investing activities	**(14,090,745)**	**(15,273,296)**
Cash flow from financing activities		
Dividend Paid	-	(152,378,480)
Net cash used in financing activities	**-**	**(152,378,480)**
Net Increase / (Decrease) in Cash and Cash Equivalents	**35,385,917**	**(51,152,879)**
Cash and Cash Equivalents at Beginning of the Year	(152,259,624)	(101,106,745)
Cash and Cash Equivalents at End of the Year	**(116,873,707)**	**(152,259,624)**
At the End		
Cash in Hand	515,494	754,344
Cash at Bank	11,073,871	16,284,950
Bank Overdrafts	(128,463,071)	(169,298,918)
	(116,873,707)	(152,259,624)

The Significant Accounting Policies and Notes on pages 07 to 15 form an integral part of these financial statements.

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For the Year Ended 31st March 2021.

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 18th May 2021.

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 2021 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.

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NOTES TO THE ACCOUNTS (Contd....)

For the Year Ended 31st March 2021.

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 changed 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
Right of Use Assets – Leasehold Land	2.00%	50

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.

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For the Year Ended 31st March 2021.

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 0f 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.

PONNAMPERUMA & CO. Chartered Accountants

For the year ended 31st March

		2021	2020
		Rs.	Rs.
3. Revenue			
Exports		1,080,032,226	1,368,426,854
Indirect export		267,518,524	37,608,040
Local sales		40,456,583	1,925,831
		1,388,007,333	**1,407,960,725**
4. Other Income			
Foreign Exchange Gain -Net		-	8,909,724
		-	**8,909,724**
5. Administration Expenses			
BOI ground rent		1,400,134	1,395,686
Bonus		601,429	389,993
Business promotion		358,707	527,363
Safety Gear Expenses		1,458,052	1,644,973
Audit fees		215,000	203,442
Non-Audit charges		-	55,000
Depreciation		2,087,888	1,700,965
Employees Provident Fund		2,152,246	2,124,725
Employees Trust Fund		538,167	531,183
Expatriates Salaries		16,206,093	14,726,133
Gratuity to Employees	**Note No.17**	1,871,286	1,184,924
Guest House Expenses		2,431,098	2,033,718
Legal Fees		93,430	49,490
Leave Encashment		1,381,185	1,086,253
Charity & Donation		-	10,000
Postage and courier		52,825	102,006
Printing and stationary		112,095	210,965
Security Expenses		1,935,453	1,758,917
Staff Salaries & incentives		3,080,675	3,289,162
Staff Welfare		414,504	577,411
Telephone & Communication		476,360	507,424
Traveling and Conveyance		1,568,070	2,198,558
Foreign Travelling & Work Visa		743,406	536,657
VAT charges (Disallowed input)		24,551	-
Nations Building Tax		-	19,185
Repair, Maintenance IT equipment		18,200	73,677
Office Expenses		109,035	58,942
Mess Expenses		1,094,118	1,074,081
Inspection Charges, License Fee, Annual fee etc.		528,446	629,431
Consultancy Fees		1,164,264	855,280
Loss on Discarded of Property, Plant & Equipment		8,170,012	3,280,870
Repair, maintenance-Office, Guest House		60,661	91,475
Corporate Social Responsibility Expenses		124,527	468,012
Waste & Disposal Expenses		-	67,500
		50,471,916	**43,463,401**

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For the year ended 31st March	2021 Rs.	2020 Rs.
6. Finance Expenses		
Bank commission & Interest for C.C. & L.C.	8,121,984	6,925,190
Foreign Exchange Loss -Net	- 787,024	-
	7,334,960	6,925,190
7. Selling & Distribution expenses		
Insurance marine & other	14,646	408,890
Misc. export expenses (Destination, demurrage, loading , other exp etc.)	4,940,427	6,097,850
Sales Commission	-	3,982,113
Ocean Freight- Export	132,057	16,153
Vehicle maintenance	1,117,207	1,275,595
Bad & Doubtful Debts	-	1,464,801
	6,204,338	13,245,402
8. Income Tax Expenses		
8.1 Major components of income tax expenses are as follows :		
Current tax expenses	37,788,685	29,003,410
	37,788,685	29,003,410

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.

	2021	2020
Accounting Profit before Taxation	261,296,158	204,449,838
Add: disallowable expenses	20,234,784	14,527,083
	281,530,941	218,976,921
Capital allowance & income from other sources	(11,611,761)	(11,809,708)
Taxable profit for the year	**269,919,180**	**207,167,213**
Tax Expenses for the year	**37,788,685**	**29,003,410**

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:

	2020/2021 Rs.	2019/2020 Rs.
Amounts used as the Numerator		
Net Profit/ (Loss) Attributable to Ordinary Shareholders	224,465,359	175,446,428
Amount used as the Denominator		
Weighted Average Number of Ordinary Shares in Issue	896,344	896,344
Basic Earnings Per Ordinary Share (Rs.)	**250.42**	**195.74**
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	**896,344**	**896,344**

9.2 Dividend Per Share	**Rs.**	**Rs.**
Dividend Paid		
Dividend Paid	-	152,378,480
	-	152,378,480
Dividend per Share (Rs.)	-	**170.00**

PONNAMPERUMA & CO. Chartered Accountants

10. Property, Plant & Equipment and Right of Use Assets

"LKR"

Description of the Assets	Right of Use Asset	Factory Building	Plant & Machinery	Office Equipment	Computer	Furniture & Fixture	Computer Software	Motor vehicles	Total
Rate of Depreciation	2%	3.33%	5%	20%	25%	20%	25%	10%	
As at 31.03.2019	-	**48,433,060**	**78,244,252**	**1,220,322**	**150,440**	**608,658**	**411,505**	**11,039,292**	**140,107,529**
Additions	2,552,875	1,476,065	24,697,679	2,722,166	36,900	221,464	-	-	**31,707,148**
Deductions	-	-	(4,813,413)	(74,482)	-	-	-	-	**(4,887,895)**
As at 31.03.2020	**2,552,875**	**49,909,125**	**98,128,518**	**3,868,006**	**187,340**	**830,122**	**411,505**	**11,039,292**	**166,926,782**
Additions	2,601,261	-	112,734	149,430	84,998				**2,948,422**
Discarded/Disposal	-	-	(16,865,089)	-	-	(4,732)	-	-	**(16,869,821)**
As at 31.03.2021	**5,154,136**	**49,909,125**	**81,376,164**	**4,017,436**	**272,338**	**825,390**	**411,505**	**11,039,292**	**153,005,384**
Depreciation & Impairment									
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**
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**
Depreciation for the period	113,156	1,661,974	4,825,534	739,819	32,012	97,380	29,595	1,075,925	8,575,395
Discarded/Disposal	-	-	(8,695,059)	-	-	(4,750)	-	-	(8,699,809)
As at 31.03.2021	**113,156**	**29,263,748**	**26,967,234**	**1,635,284**	**164,804**	**589,561**	**411,505**	**5,272,268**	**64,417,559**
Net Book Value									
As at 31.03.2019	-	**22,452,165**	**50,968,983**	**675,993**	**42,373**	**183,550**	**132,471**	**7,918,874**	**82,374,409**
As at 31.03.2020	**2,552,875**	**22,307,351**	**67,291,759**	**2,972,541**	**54,548**	**333,192**	**29,595**	**6,842,949**	**102,384,810**
As at 31.03.2021	**5,040,980**	**20,645,377**	**54,408,929**	**2,382,152**	**107,534**	**235,829**	**0**	**5,767,024**	**88,587,825**

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As at 31st March 2021		2021 Rs.	2020 Rs.
11. Inventory			
Raw material		26,973,280	33,438,868
Consumables		32,172,564	32,650,227
Work-in-Progress		96,349,084	23,538,768
Finished goods		15,200,313	70,591,112
		170,695,242	**160,218,975**
12. Trade and other receivables			
Trade Receivable-Domestic		44,492,172	1,464,801
Trade Receivable-Foreign		7,408,817	4,083,119
Trade Receivable-Group Company-Export		328,598,090	168,554,624
PAYE Tax recoverable		-	15,217
VAT Refund receivable		4,632,571	4,741,243
		385,131,650	**178,859,004**
13. Deposits, prepayment and advances			
Refundable Deposits	**Note 13.1**	696,500	1,696,500
Prepaid Expenses- Current		2,433,593	2,346,749
Prepaid Insurance		366,167	270,182
Advances	**Note 13.2**	164,430	90,092
		3,660,690	**4,403,523**
13 Refundable Deposits			
Ceylon Electricity Board (Security Deposit)		500,000	500,000
Security deposit to Vendor		196,500	1,196,500
		696,500	**1,696,500**
13 Advances			
Advance-Administration		150,000	35,000
Advance- Staff Salary		5,000	-
Advance - Labour		-	5,092
Advance to Employees		-	50,000
Advance - Staff Travel		9,430	-
		164,430	**90,092**
14 Cash in Hand		515,494	754,344
		515,494	**754,344**
14 Cash at Bank			
Seylan Bank - C/A No. 0780-07870418-001 (LKR)		9,279,226	15,571,316
State Bank of India - A/c No. 25140045650001 (LKR)		1,794,645	713,634
		11,073,871	**16,284,950**
		11,589,365	**17,039,294**

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As at 31st March 2021

15. Stated Capital

	As at 31.03.2021	As at 31.03.2020
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 31.03.2021 Rs.	As at 31.03.2020 Rs.
Balance Brought Forward	185,445,601	162,377,653
Net profit for the year	224,465,359	175,446,428
Dividend	-	(152,378,480)
	409,910,960	**185,445,601**

17. Retirement benefit obligation

At beginning of the year	6,753,568	6,266,124
Charge for the year	1,871,286	1,184,924
	8,624,854	7,451,050
Paid during the year	(552,175)	(697,482)
At end of the year	**8,072,679**	**6,753,568**

18. Trade and other payables

Trade Creditors	693,971	1,000,577
Gravita India Limited	2,066,500	1,977,548
Employee Payable A/c	686,291	38,005
Professional Fee Payable	61,350	44,600
PAYE Tax Payable	-	15,217
Current Account-GINL	292,214	585,767
Advance from Customer - International	635,026	691,845
	4,435,352	**4,353,559**

19. Income Tax Payable

Opening Balance	4,313,934	14,343,320
Provision for the year	36,830,799	29,003,410
Income Tax Liability	41,144,733	43,346,730
CIT Payments During the Year		
2018/2019	-	(12,702,946)
2019/2020	(4,313,932)	(19,261,095)
2020/2021	(16,314,417)	-
	(20,628,349)	(31,964,041)
Economic Service Charge Paid		
2018/2019	-	(1,640,372)
2019/2020	-	(5,428,383)
	-	(7,068,755)
Income Tax Payable / (Refund)	**20,516,384**	**4,313,934**

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As at 31st March 2021	2021	2020
	Rs.	Rs.
20. Accrued expenses		
Audit fees payable	215,000	187,550
Provision for Bonus	597,213	516,502
Provision for Administration Expenses	2,671,150	2,037,260
Leave encashment	1,237,467	977,861
Salaries and other payables	7,108,874	1,831,747
VAT Payable	359,432	6,441
GR/IR Clearing Account-Services	186,374	149,525
	12,375,510	**5,706,886**

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.

	2021	2020
Amounts used as the Numerator		
Total equity attributable to Equity Holders of the Company	499,545,360	275,080,001
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.)	**557.31**	**306.89**

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 of Sri Lanka Accounting Standard for SME "Related Party Disclosures", the details of which are listed out below:

Name of Company	Sales	Purchase	Balance Dr.	Balance Cr.
Gravita India Limited - (Parent Company)	1,077,067,218	9,900,677	328,598,090	1,952,850

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, 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 statemen 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 Yea

27. Commitments and Contingencies

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

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NAVAM LANKA LIMITED

SCHEDULE TO THE ACCOUNTS

For the year ended 31st March		2021	2020
		Rs.	Rs.
Schedule 01			
Cost of sales			
Raw material			
Inventory - beginning of the year		33,438,868	22,294,714
Purchases		918,645,607	989,671,480
Inventory - end of the year		(26,973,280)	(33,438,868)
		925,111,195	**978,527,326**
Direct expenses	Sch.01.(A)	26,103,059	22,992,719
Prime cost		**951,214,254**	**1,001,520,045**
Factory overheads	Sch.01.(B)	29,001,123	35,220,935
Consumables			
Opening stock		32,650,227	34,555,975
Add : purchase		99,426,439	99,941,743
		132,076,666	**134,497,718**
Closing stock		(32,172,564)	(32,650,227)
		99,904,102	**101,847,491**
Works in progress - beginning of the year		23,538,768	54,620,236
Works in progress - end of the year		(96,349,084)	(23,538,768)
Cost of goods manufactured		**1,007,309,163**	**1,169,669,939**
Finished goods - beginning of the year		70,591,112	49,707,791
Finished goods - end of the year		(15,200,313)	(70,591,112)
Cost of sales		**1,062,699,961**	**1,148,786,618**

Schedule 01 (A)		
Direct expenses		
Labor & wages	25,791,947	22,589,290
Employees Provident Fund	248,889	322,739
Employees Trust Fund	62,223	80,690
	26,103,059	**22,992,719**

Schedule 01 (B)		
Factory overheads		
Machinery, repairs and maintenance & Factory Repairs	13,143,779	18,509,337
Electricity	6,879,145	7,437,819
Medical Insurance	12,611	151,473
Labor welfare	1,453,235	1,883,112
Depreciation	6,487,508	6,437,136
Insurance - Factory	512,430	261,908
Water, packing material & other expenses	512,415	540,150
	29,001,123	**35,220,935**

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As at 31st March 2021

Schedule 02
Discarded of Property, Plant & Equipment

Asset Description	Cost	Acc. Depn	Net Book Value	Sale Proceeds	(Profit) / Loss
Electric motor	24,911	21,767	3,144	-	**3,144**
Dust Collector	22,370	15,942	6,427	-	**6,427**
Blast Furnace	80,531	57,393	23,138	-	**23,138**
Cyclone	17,896	12,754	5,142	-	**5,142**
Cooling Tower 9 U Tube	53,687	38,262	15,425	-	**15,425**
Bag House-64	29,826	21,257	8,570	-	**8,570**
Bag House-64	29,826	21,257	8,570	-	**8,570**
Bag House-64	29,826	21,257	8,570	-	**8,570**
Motor of Blast ID Fan	20,133	14,348	5,785	-	**5,785**
Scrubber Dia; MOC	58,161	41,450	16,711	-	**16,711**
Dust Collector	2,557,788	1,743,774	814,015	-	**814,015**
Cyclone dia 1600/1400	1,918,341	1,307,830	610,511	-	**610,511**
Cooling Tower-10 U Tube Type	2,134,854	584,307	1,550,547	-	**1,550,547**
Bag House-96	4,771,363	1,305,916	3,465,447	-	**3,465,447**
Bag House-42	5,115,576	3,487,547	1,628,029	-	**1,628,029**
UPS	4,750	4,750	-	-	-
	16,869,839	8,699,809	8,170,030	-	**8,170,030**

Schedule 03
Name of Shareholders

Names	Country	As at 31.03.2021		As at 31.03.2020	
		No. of Shares	%	No. of Shares	%
1. Mr. Ved Prakash Maheshwari	India	56,066	6.25%	56,066	6.25%
2. Mr. Mukesh Maheshwari	India	56,066	6.25%	56,066	6.25%
3. Mrs. Sunita Maheshwari	India	22,440	2.50%	22,440	2.50%
4. Mrs. Pushpa Devi Somani	India	56,066	6.25%	56,066	6.25%
5. Mr. Mahesh Somani	India	33,619	3.75%	33,619	3.75%
6. Gravita Netherlands B.V	Netherlands	466,062	52.00%	466,062	52.00%
7. Mittal Pigments Pvt Ltd	India	206,025	22.99%	206,025	22.99%
		896,344	100%	**896,344**	100%

PONNAMPERUMA & CO. Chartered Accountants