# NAVAM LANKA LIMITED

# FINANCIAL STATEMENTS

# 31ST MARCH 2023

**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, 2023 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, 2023 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.

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PONNAMPERUMA & CO. Chartered Accountants

**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.
April 10, 2023

Chartered Accountants

NAVAM LANKA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31st March*

| | Note | 2023 Rs. | 2022 Rs. |
|---|---|---|---|
| Revenue | 3 | 1,604,450,584 | 1,929,692,149 |
| Cost of Sales | | (1,237,968,820) | (1,278,231,529) |
| **Gross profit** | | **366,481,764** | **651,460,620** |
| Other Income | 4 | 113,637,231 | 98,581,371 |
| | | **480,118,995** | **750,041,991** |
| Administration Expenses | 5 | (81,609,160) | (52,067,484) |
| Selling & Distribution expenses | 6 | (27,723,415) | (68,212,045) |
| Finance Expenses | 7 | (13,299,059) | (9,069,169) |
| **Profit Before Taxation** | | **357,487,360** | **620,693,292** |
| Income Tax Expenses | 8 | (78,475,250) | (87,291,295) |
| **Net Profit for the year from Continuing Operations** | | **279,012,110** | **533,401,997** |
| Other Comprehensive Income | | - | - |
| **Total Comprehensive Income / (Expense) for the year** | | **279,012,110** | **533,401,997** |
| **Basic Earnings/(Loss) Per Ordinary Share (Rs.)** | 9.1 | **311.28** | **595.09** |
| **Dividend Per Ordinary Share (Rs.)** | 9.2 | **400.00** | **220.00** |

**Figures in brackets indicate deductions.**

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

Chartered Accountants

NAVAM LANKA LIMITED

STATEMENT OF FINANCIAL POSITION

*As at 31st March,*

| | Note | 2023<br>Rs. | 2022<br>Rs. |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, Plant & Equipment | 10 | 104,390,250 | 104,768,471 |
| Bank Fixed Deposits - Seylan Bank Plc | | 105,000,000 | - |
| | | **209,390,250** | **104,768,471** |
| **Current Assets** | | | |
| Inventories | 11 | 129,266,053 | 120,081,045 |
| Trade and Other Receivables | 12 | 371,861,439 | 963,281,939 |
| Deposit, Prepayments and Advances | 13 | 3,971,742 | 6,089,233 |
| Cash & Cash Equivalent | 14 | 78,643,809 | 17,371,994 |
| | | **583,743,043** | **1,106,824,211** |
| **Total Assets** | | **793,133,293** | **1,211,592,682** |
| **Equity and Liabilities** | | | |
| Stated Capital | 15 | 89,634,400 | 89,634,400 |
| Retained Earnings | 16 | 665,633,900 | 745,159,390 |
| | | **755,268,300** | **834,793,790** |
| **Liabilities** | | | |
| **Non-current Liabilities** | | | |
| Retirement Benefit Obligations | 17 | 14,141,576 | 12,981,834 |
| | | **14,141,576** | **12,981,834** |
| **Current Liabilities** | | | |
| Trade and Other Payables | 18 | 5,340,799 | 7,130,974 |
| Income Tax Payable | 19 | 10,084,081 | 58,941,297 |
| Accrued Expenses | 20 | 8,298,537 | 10,364,510 |
| Bank Overdrafts - SBI (A/c No. 25140045620005) | | - | 287,380,277 |
| | | **23,723,417** | **363,817,058** |
| **Total equity and liabilities** | | **793,133,293** | **1,211,592,682** |
| **Net Assets per Ordinary Share** | 21 | **842.61** | **931.33** |

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. 07 of 2007

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**(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)**

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**(Director)**

**10th April 2023**

Chartered Accountants

NAVAM LANKA LIMITED

STATEMENT OF CHANGES IN EQUITY

*For the year ended 31st March 2023*

| | Stated Capital Rs. | Retained Earnings Rs. | Total Rs. |
|---|---|---|---|
| **Balance as at 01st April 2021** | **89,634,400** | **408,953,073** | **498,587,473** |
| Profit for the year | - | 533,401,997 | 533,401,997 |
| Dividend Paid | - | (197,195,680) | (197,195,680) |
| **Balance as at 31st March 2022** | **89,634,400** | **745,159,390** | **834,793,790** |
| **Balance as at 01st April 2022** | **89,634,400** | **745,159,390** | **834,793,790** |
| Profit for the year | - | 279,012,110 | 279,012,110 |
| Dividend Paid | - | (358,537,600) | (358,537,600) |
| **Balance as at 31st March 2023** | **89,634,400** | **665,633,900** | **755,268,300** |

**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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**NAVAM LANKA LIMITED**
**STATEMENT OF CASH FLOW**

| *For the year ended 31st March* | 2023 Rs. | 2022 Rs. |
|---|---|---|
| **Cash flow from operating activities** | | |
| Net profit before taxation | 357,487,360 | 620,693,292 |
| *Adjustment for,* | | |
| Depreciation | 8,697,330 | 8,122,905 |
| Loss on Disposal of Fixed Asset | 2,163,566 | 1,496,780 |
| Gratuity provision | 3,331,475 | 4,909,155 |
| Interest expenses | 13,299,059 | 9,069,169 |
| **Operating profit before working capital changes** | **384,978,791** | **644,291,301** |
| (Increase) /decrease in inventories | (9,185,008) | 50,614,197 |
| (Increase) /decrease in trade and other receivables | 591,420,500 | (578,150,289) |
| (Increase) /decrease in deposits and prepayments | 2,117,491 | (2,428,543) |
| Increase /(decrease) in trade and other payables | (3,856,149) | 684,622 |
| **Cash flow generated from operations** | **965,475,625** | **115,011,289** |
| Tax paid | (127,332,466) | (49,824,268) |
| Interest paid | (13,299,059) | (9,069,169) |
| Gratuity Paid | (2,171,733) | - |
| **Net cash flow from operating activities** | **822,672,367** | **56,117,852** |
| **Cash flow from Investing activities** | | |
| Acquisition of property, plant and equipment | (10,482,676) | (26,263,293) |
| Invest in Fixed deposits | (105,000,000) | - |
| Sale Proceed on Plant & Machinery | - | 462,963 |
| Capital Work in Progress | - | 13,743,583 |
| **Net cash used in investing activities** | **(115,482,676)** | **(12,056,748)** |
| **Cash flow from Financing activities** | | |
| Dividend Paid | (358,537,600) | (197,195,680) |
| **Net cash used in financing activities** | **(358,537,600)** | **(197,195,680)** |
| **Net Increase / (Decrease) in Cash and Cash Equivalents** | **348,652,092** | **(153,134,577)** |
| Cash and Cash Equivalents at Beginning of the Year | (270,008,283) | (116,873,706) |
| **Cash and Cash Equivalents at End of the Year** | **78,643,809** | **(270,008,283)** |
| *At the End* | | |
| Cash at Bank | 78,643,809 | 17,371,994 |
| Bank Overdrafts | - | (287,380,277) |
| | 78,643,809 | (270,008,283) |

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

**NAVAM LANKA LIMITED**
**NOTES TO THE ACCOUNTS**

**For the Year Ended 31st March 2023.**

## 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 10th April 2023.

## 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 2023 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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**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 |

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.

**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 is 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. 24 of 2017 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.

*For the year ended 31st March*

| | | 2023 | 2022 |
|---|---|---|---|
| | | Rs. | Rs. |
| **3. Revenue** | | | |
| Exports | | 1,383,267,162 | 1,793,807,336 |
| Indirect export | | - | 93,321,717 |
| Local sales | | 221,183,421 | 42,563,096 |
| | | **1,604,450,584** | **1,929,692,149** |
| **4. Other Income** | | | |
| Foreign Exchange Gain -Net | | 112,575,725 | 98,581,371 |
| Interest Income-Bank Deposits | | 1,061,507 | - |
| | | **113,637,231** | **98,581,371** |
| **5. Administration Expenses** | | | |
| BOI ground Rent | | 2,078,131 | 1,500,678 |
| Bonus | | 724,585 | 889,299 |
| Business promotion | | 4,313,566 | 288,593 |
| Safety Gear Expenses | | 380,294 | 1,035,539 |
| Audit fees | | 330,000 | 300,000 |
| Non-Audit charges | | 27,500 | 25,000 |
| Depreciation | | 2,123,500 | 2,087,416 |
| Employees Provident Fund | | 4,351,431 | 2,409,827 |
| Employees Trust Fund | | 1,067,266 | 602,456 |
| Expatriates Salaries | | 34,090,544 | 17,816,064 |
| Gratuity to Employees | **Note No.17** | 3,331,475 | 4,909,155 |
| Guest House Expenses | | 3,172,522 | 2,893,928 |
| Legal Fees | | 56,455 | 54,720 |
| Leave Encashment | | 1,742,197 | 1,523,476 |
| Postage and courier | | 115,851 | 62,248 |
| Printing and stationary | | 122,560 | 116,082 |
| Security Expenses | | 2,548,642 | 2,604,124 |
| Staff Salaries & incentives | | 5,541,614 | 3,508,267 |
| Staff Welfare | | 999,613 | 684,261 |
| Telephone & Communication | | 542,754 | 362,416 |
| Traveling and Conveyance | | 2,942,243 | 2,790,506 |
| Foreign Travelling & Work Visa | | 1,353,803 | 871,234 |
| VAT charges (Disallowed input) | | 409,028 | 1,975 |
| Repair, Maintenance IT equipment | | 58,700 | 73,920 |
| Office Expenses | | 58,732 | 134,333 |
| Mess Expenses | | 2,229,456 | 1,163,910 |
| Inspection Charges, License Fee, Annual fee etc. | | 1,379,842 | 651,190 |
| Consultancy Fees | | 1,326,045 | 1,081,250 |
| Loss on Discarded of Property, Plant & Equipment | | 2,163,566 | 1,496,787 |
| Repair, maintenance-Office, Guest House | | 70,138 | 128,830 |
| CSR Expenses | | 27,214 | - |
| Overseas Allowance-Staff | | 1,929,894 | - |
| | | **81,609,160** | **52,067,484** |

NAVAM LANKA LIMITED
NOTES TO THE ACCOUNTS

*For the year ended 31st March*

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| **6. Selling & Distribution expenses** | | |
| Freight Outward-Domestic | 765,000 | - |
| Insurance Marine and Other | 36,439 | 40,377 |
| Misc. export expenses ( Destination, demurrage, loading , other exp etc.) | 6,522,704 | 6,194,960 |
| Ocean Freight- Export | 134,471 | 566,748 |
| Vehicle maintenance | 1,643,292 | 2,043,452 |
| Insurance - Motor Vehicle | 212,260 | 175,380 |
| Rebate and Quality Claim | 18,409,249 | 59,191,128 |
| | **27,723,415** | **68,212,045** |
| **7. Finance Expenses** | | |
| Bank commission & Interest for C.C. & L.C. | 13,299,059 | 9,069,169 |
| | **13,299,059** | **9,069,169** |

**8. Income Tax Expenses**

**8.1 Major components of income tax expenses are as follows :**

| | | |
|---|---|---|
| Current tax expenses | 78,475,250 | 87,291,295 |
| | **78,475,250** | **87,291,295** |

**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.

| | | | 2023 | 2022 |
|---|---|---|---|---|
| Accounting Profit before Taxation | | | 357,487,360 | 620,693,292 |
| Add: disallowable expenses | | | 16,416,609 | 16,084,245 |
| | | | 373,903,970 | 636,777,537 |
| Capital allowance & income from other sources | | | (17,198,287) | (13,268,290) |
| **Taxable profit for the year** | | | **356,705,683** | **623,509,247** |
| **Income Tax Rate** | *Upto 30/9/2022* | **178,352,841** | **14%** | **14%** |
| | *From 1/10/2022* | **178,352,841** | **30%** | |
| Income Tax Expense at | | **356,705,683** | 78,475,250 | 87,291,295 |
| **Tax Expenses for the year** | | | **78,475,250** | **87,291,295** |

**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:

| | **2023/2022** | **2021/2022** |
|---|---|---|
| **Amounts used as the Numerator** | **Rs.** | **Rs.** |
| Net Profit/ (Loss) Attributable to Ordinary Shareholders | 279,012,110 | 533,401,997 |
| **Amount used as the Denominator** | | |
| Weighted Average Number of Ordinary Shares in Issue | 896,344 | 896,344 |
| **Basic Earnings Per Ordinary Share (Rs.)** | **311.28** | **595.09** |
| **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**

| **Dividend Paid** | **Rs.** | **Rs.** |
|---|---|---|
| Dividend Paid | 358,537,600 | 197,195,680 |
| | **358,537,600** | **197,195,680** |
| **Dividend per Share (Rs.)** | **400.00** | **220.00** |

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 | IT Equipment & Peripherals | Furniture & Fixture | Computer Software | Motor Vehicles | Total PPE |
|---|---|---|---|---|---|---|---|---|---|
| Rate of Depreciation | 2% | 3.33% | 5% | 20% | 25% | 20% | 25% | 10% | |
| As at 31.03.2021 | 5,154,136 | 49,909,125 | 81,376,163 | 4,017,436 | 272,338 | 825,390 | 411,505 | 11,039,292 | 153,005,384 |
| Additions | | 18,289,019 | 7,400,206 | 257,284 | 5,500 | 311,284 | - | - | 26,263,293 |
| Deductions | - | - | (2,315,924) | - | - | - | - | - | (2,315,924) |
| As at 31.03.2022 | 5,154,136 | 68,198,144 | 86,460,445 | 4,274,719 | 277,838 | 1,136,674 | 411,505 | 11,039,292 | 176,952,753 |
| Additions | - | | 10,482,676 | | | | | | 10,482,676 |
| Discarded/Disposal | - | | (2,906,019) | (13,893) | | (7,400) | | | (2,927,312) |
| As at 31.03.2023 | 5,154,136 | 68,198,144 | 94,037,103 | 4,260,826 | 277,838 | 1,129,274 | 411,505 | 11,039,292 | 184,508,117 |
| **Depreciation & Impairment** | | | | | | | | | |
| 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 |
| Depreciation for the period | 89,652 | 1,914,524 | 4,120,965 | 786,780 | 32,957 | 102,102 | - | 1,075,925 | 8,122,905 |
| Discarded/Disposal | | - | (356,182) | - | | - | - | - | (356,182) |
| As at 31.03.2022 | 202,808 | 31,178,272 | 30,732,018 | 2,422,064 | 197,761 | 691,663 | 411,505 | 6,348,193 | 72,184,282 |
| Depreciation for the period | 89,652 | 2,270,998 | 4,392,484 | 701,680 | 31,850 | 134,741 | - | 1,075,925 | 8,697,330 |
| Discarded/Disposal | - | - | (749,863) | (6,483) | | (7,400) | | | (763,746) |
| As at 31.03.2023 | 292,460 | 33,449,270 | 34,374,639 | 3,117,260 | 229,610 | 819,003 | 411,505 | 7,424,119 | 80,117,867 |
| **Net Book Value** | | | | | | | | | |
| As at 31.03.2021 | 5,040,980 | 20,645,377 | 54,408,928 | 2,382,152 | 107,534 | 235,829 | 0 | 5,767,024 | 88,587,825 |
| As at 31.03.2022 | 4,951,328 | 37,019,872 | 55,728,427 | 1,852,656 | 80,077 | 445,011 | 0 | 4,691,099 | 104,768,471 |
| As at 31.03.2023 | 4,861,675 | 34,748,874 | 59,662,464 | 1,143,566 | 48,228 | 310,270 | 0 | 3,615,173 | 104,390,250 |

Chartered Accountants

*As at 31st March*

| | | 2023 Rs. | 2022 Rs. |
|---|---|---|---|
| **11. Inventory** | | | |
| Raw material | | 6,591,284 | - |
| Consumables | | 52,997,992 | 52,471,143 |
| Work-in-Progress | | 11,688,924 | 22,503,608 |
| Finished goods | | 57,987,853 | 45,106,294 |
| | | **129,266,053** | **120,081,045** |
| **12. Trade and other receivables** | | | |
| Seylan FD - Accrued Interest | | 1,061,507 | - |
| Trade Receivable-Foreign | | - | 184,928,911 |
| Trade Receivable-Group Company-Export | | 366,167,361 | 773,720,457 |
| VAT Refund | | 4,632,571 | 4,632,571 |
| | | **371,861,439** | **963,281,939** |
| **13. Deposits, prepayment and advances** | | | |
| Refundable Deposits | **Note 13.1** | 696,500 | 696,500 |
| Prepaid Expenses- Current | | 2,430,944 | 3,494,221 |
| Prepaid Insurance | | 679,263 | 328,214 |
| Advances | **Note 13.2** | 165,035 | 1,570,298 |
| | | **3,971,742** | **6,089,233** |
| **13.1 Refundable Deposits** | | | |
| Ceylon Electricity Board (Security Deposit) | | 500,000 | 500,000 |
| Security Deposit to Vendor | | 196,500 | 196,500 |
| | | **696,500** | **696,500** |
| **13.2 Advances** | | | |
| Advance paid to suppliers | | - | 889,833 |
| Advance paid to expenses | | 152,592 | 564,371 |
| Advance-Administration | | - | 100,000 |
| Advance - Staff Travel | | 12,443 | 16,094 |
| | | **165,035** | **1,570,298** |
| **14. Cash and Cash at Bank** | | | |
| State Bank of India-DCC A/c No-251-400456-20005 USD | | 5,798,800 | - |
| Seylan Bank - C/A No. 0780-07870418-001 (LKR) | | 66,027,747 | 16,624,107 |
| State Bank of India - A/c No. 25140045650001 (LKR) | | 5,820,731 | 315,449 |
| Cash in Hand | | 996,531 | 432,438 |
| | | **78,643,809** | **17,371,994** |

*As at 31st March 2023*

## 15. Stated Capital

| | As at 31.03.2023 Nos. | As at 31.03.2022 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.)** | 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 31.03.2023 Rs. | As at 31.03.2022 Rs. |
|---|---|---|
| Balance Brought Forward | 745,159,390 | 408,953,073 |
| Dividend Paid | (358,537,600) | (197,195,680) |
| | **386,621,790** | **211,757,393** |
| Net profit for the year | 279,012,110 | 533,401,997 |
| | **665,633,900** | **745,159,390** |

## 17. Retirement benefit obligation

| | | |
|---|---|---|
| At beginning of the year | 12,981,834 | 8,072,679 |
| Charge for the year | 3,331,475 | 4,909,155 |
| | 16,313,309 | 12,981,834 |
| Paid during the year | (2,171,733) | - |
| At end of the year | **14,141,576** | **12,981,834** |

## 18. Trade and other payables

| | | |
|---|---|---|
| Trade Creditors | 3,180,863 | 62,194 |
| Gravita India Limited | - | 3,441,169 |
| Social Security Contribution Levy Payable | 91,409 | - |
| Incentive Payable | - | 2,415,213 |
| Related Party - Advance from Gravita - Netherland | 2,068,526 | 1,212,398 |
| | **5,340,799** | **7,130,974** |

## 19. Income Tax Payable

| | | |
|---|---|---|
| Opening Balance | 58,941,297 | 21,474,270 |
| Provision for the year | 78,475,250 | 87,291,295 |
| Income Tax Liability | 137,416,547 | 108,765,565 |
| ***CIT Payments During the Year*** | | |
| 2022/2023 | (68,391,171) | - |
| 2020/2021 | - | (21,474,268) |
| 2021/2022 | (58,941,295) | (28,350,000) |
| | (127,332,466) | (49,824,268) |
| **Income Tax Payable / (Refund)** | **10,084,081** | **58,941,297** |

Chartered Accountants

| *As at 31st March,* | 2023 Rs. | 2022 Rs. |
|---|---|---|
| **20. Accrued expenses** | | |
| Audit fees payable | 330,000 | 300,000 |
| Provision for Bonus | 1,009,368 | 1,094,049 |
| Provision for Administration Expenses | 2,574,768 | 1,246,248 |
| Leave encashment | 1,536,060 | 1,671,952 |
| Salaries and other payables | 2,203,092 | 5,610,576 |
| VAT Payable | 645,249 | 236,548 |
| GR/IR Clearing Account-Services | - | 205,137 |
| | **8,298,537** | **10,364,510** |

**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 tl Company divided by the number of ordinary shares in issue as at the Balance Sheet date and calculated as follows.

| | 2023 | 2022 |
|---|---|---|
| **Amounts used as the Numerator** | | |
| Total equity attributable to Equity Holders of the Company | 755,268,300 | 834,793,790 |
| **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.)** | **842.61** | **931.33** |

**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 S 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) | 1,371,250,066 | 15,481,258 | 352,723,578 | - |
| Gravita - Netherland | 12,017,096 | - | 13,443,783 | 2,068,526 |

**23. Contingent Liabilities and Contingent Assets**

**Contingent Liabilities**

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

**Contingent Assets**

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

**24. Unrecognized Contractual Commitments**

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

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

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

**26. Comparative Information's**

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

**27. Commitments and Contingencies**

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

Chartered Accountants

*For the year ended 31st March*

| | | 2023 Rs. | 2022 Rs. |
|---|---|---|---|
| **Schedule 01** | | | |
| **Cost of sales** | | | |
| **Raw material** | | | |
| Inventory - beginning of the year | | - | 26,973,280 |
| Purchases | | 1,055,804,473 | 1,001,905,476 |
| Inventory - end of the year | | (6,591,284) | - |
| | | **1,049,213,189** | **1,028,878,756** |
| Direct expenses | **Sch.01.(A)** | 20,947,623 | 29,594,870 |
| **Prime cost** | | **1,070,160,812** | **1,058,473,626** |
| Factory overheads | **Sch.01.(B)** | 25,462,617 | 31,903,496 |
| **Consumables** | | | |
| Opening stock | | 52,471,143 | 32,172,564 |
| Add : purchase | | 144,939,115 | 164,213,491 |
| | | **197,410,258** | **196,386,055** |
| Closing stock | | (52,997,992) | (52,471,143) |
| | | **144,412,266** | **143,914,912** |
| Works in progress - beginning of the year | | 22,503,608 | 96,349,084 |
| Works in progress - end of the year | | (11,688,924) | (22,503,608) |
| **Cost of goods manufactured** | | **1,250,850,379** | **1,308,137,510** |
| Finished goods - beginning of the year | | 45,106,294 | 15,200,313 |
| Finished goods - end of the year | | (57,987,853) | (45,106,294) |
| **Cost of sales** | | **1,237,968,820** | **1,278,231,529** |

**Schedule 01 (A)**

**Direct expenses**

| | | |
|---|---|---|
| Labor & wages | 20,711,904 | 29,286,857 |
| Employees Provident Fund | 188,573 | 246,411 |
| Employees Trust Fund | 47,146 | 61,602 |
| | **20,947,623** | **29,594,870** |

**Schedule 01 (B)**

**Factory overheads**

| | | |
|---|---|---|
| Machinery, repairs and maintenance & Factory Repairs | 8,296,685 | 15,538,945 |
| Electricity | 7,548,583 | 7,284,552 |
| Medical Insurance | 21,431 | 12,000 |
| Labor welfare | 1,748,892 | 1,909,023 |
| Depreciation | 6,663,483 | 6,035,489 |
| Insurance - Factory | 781,115 | 543,212 |
| Water, packing material & other expenses | 402,428 | 580,275 |
| | **25,462,617** | **31,903,496** |

Chartered Accountants

*As at 31st March 2023*

**Schedule 02**
**Discarded of Property, Plant & Equipment**

| Asset Description | Cost | Acc. Depn | Net Book | Sale Proceeds | (Profit) / Loss |
|---|---|---|---|---|---|
| Angle Grinder | 11,500 | 2,798 | 8,702 | - | 8,702 |
| Bullet Camera | 13,893 | 6,483 | 7,410 | - | 7,410 |
| Ceiling Fan | 7,400 | 7,400 | - | - | - |
| CI Laddle | 615,601 | 137,286 | 478,315 | - | 478,315 |
| MS Laddle | 1,474,682 | 368,891 | 1,105,791 | - | 1,105,791 |
| SG Ladle | 804,236 | 240,888 | 563,347 | - | 563,347 |
| | **2,927,312** | **763,747** | **2,163,565** | - | **2,163,565** |

**Schedule 03**
**Name of Shareholders**

| Names | Country | As at 31.03.2023 | | As at 31.03.2022 | |
|---|---|---|---|---|---|
| | | 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% |

Chartered Accountants

| | | |
|---|---|---|
| Name and address | : | Navam Lanka Limited<br>Plot No.27A, MEPZ,<br>Mirigama. |
| File No. | : | 134008717 |
| Nature of business | : | Export of ferrous and non-ferrous metal scraps |
| Constitution | : | Limited Liability Company. |
| Accounting period | : | 1st April 2022 to 31st March 2023 |
| Year of assessment | : | **2022/2023** |

| | | | Rs. | Rs. |
|---|---|---|---|---|
| Net Profit as per Accounts | | | | 357,487,360 |
| **Add: disallowable expenses** | | | | |
| Gratuity provision | | | 3,331,475 | |
| Depreciation | | | 8,786,983 | |
| Legal fees | | | 56,455 | |
| Loss on disposal of assets | | | 2,163,566 | |
| Ground Rent - Amortization | | | 2,078,131 | 16,416,609 |
| | | | | **373,903,970** |
| **Less: Capital allowance & income from other sources** | | | | |
| Ground Rent Paid - BOI | | | 2,078,131 | |
| Gratuity Paid | | | 2,171,733 | |
| Capital allowance | | **Annexure 1** | 12,948,423 | |
| Taxable Loss on Disposals | | | - | (17,198,287) |
| **Taxable profit for the year** | | | | **356,705,683** |
| **Income Tax** | | | | |
| (From 1/4/2022 - 30/09/2022) | **178,352,841** | @ | **14%** | 24,969,398 |
| (From 1/10/2022 - 31/03/2023) | **178,352,841** | @ | **30%** | 53,505,852 |
| | **356,705,683** | | | **78,475,250** |

**Tax Credits**

***CIT Paid***

| Date | Cheque No. | Period | Amount | |
|---|---|---|---|---|
| 8/12/2022 | 112733 | 22231 | 22,000,000 | |
| 11/11/2022 | 117098 | 22232 | 11,903,316 | |
| 2/13/2023 | 640254 | 22233 | 34,487,855 | |
| | | | | (68,391,171) |

| | |
|---|---|
| **Balance Tax Payable** | **10,084,079** |

NAVAM LANKA LIMITED
ANNEXURE TO THE TAX COMPUTATION
YEAR OF ASSESSMENT 2022/2023

**Annexure 01**
**Capital allowances**

| Assets | Rate | Cost | Unexpired Beginning | Allowance Claimed | Unexpired Ending |
|---|---|---|---|---|---|
| **2022/2023** | | | | | |
| Plant & Machinery | 20% | 10,482,676 | 10,482,676 | 2,096,535 | 8,386,141 |
| | | **10,482,676** | **10,482,676** | **2,096,535** | **8,386,141** |
| **2021/2022** | | | | | |
| Building & Factory | 5% | 18,289,019 | 17,374,568 | 914,451 | 16,460,117 |
| Plant & Machinery | 20% | 7,400,206 | 5,920,165 | 1,480,041 | 4,440,124 |
| Office Equipment | 20% | 257,284 | 205,827 | 51,457 | 154,370 |
| Furniture & Fixture | 20% | 311,284 | 249,027 | 62,257 | 186,770 |
| IT Equipment & Peripherals | 20% | 5,500 | 4,400 | 1,100 | 3,300 |
| | | **26,263,293** | **23,753,987** | **2,509,306** | **21,244,682** |
| **2020/2021** | | | | | |
| Office Equipment | 20% | 149,430 | 89,658 | 29,886 | 59,772 |
| Plant & Machinery | 20% | 112,734 | 72,149 | 14,430 | 57,720 |
| IT Equipment & Peripherals | 20% | 84,998 | 50,999 | 17,000 | 33,999 |
| | | **347,162** | **212,806** | **61,315** | **151,491** |
| **2019/2020** | | | | | |
| Building & Factory | 5% | 1,476,065 | 1,254,655 | 73,803 | 1,180,851 |
| Plant & Machinery | 20% | 24,697,679 | 9,879,071 | 4,939,536 | 4,939,536 |
| Office Equipment | 20% | 2,722,166 | 1,088,867 | 544,433 | 544,434 |
| IT Equipment & Peripherals | 20% | 36,900 | 14,760 | 7,380 | 7,380 |
| Furniture & Fixture | 20% | 221,464 | 88,585 | 44,293 | 44,293 |
| | | **29,154,273** | **12,325,938** | **5,609,445** | **6,716,493** |
| **2018/2019** | | | | | |
| Plant & Machinery | 20% | 17,350 | 8,675 | 3,470 | 5,205 |
| Building & Factory | 20% | 12,039,227 | 2,407,845 | 2,407,845 | - |
| Office Equipment | 20% | 127,537 | 25,507 | 25,507 | - |
| Furniture & Fixture | 20% | 16,997 | 3,399 | 3,399 | - |
| | | **12,201,111** | **2,445,427** | **2,440,222** | **5,205** |
| **2015/2016** | | | | | |
| Factory Building | 6.67% | 1,687,829 | 1,012,697 | 112,522 | 900,175 |
| | | **1,687,829** | **1,012,697** | **112,522** | **900,175** |
| **2009/2010** | | | | | |
| Building | 6.67% | 712,558 | 142,511 | 47,504 | 95,007 |
| Factory boundary wall | 6.67% | 26,772 | 5,343 | 1,786 | 3,558 |
| | | **739,330** | **147,854** | **49,290** | **98,565** |
| **2008/2009** | | | | | |
| PVC separator washing shed | 6.67% | 123,541 | 16,969 | 8,240 | 8,729 |
| | | **123,541** | **16,969** | **8,240** | **8,729** |
| **2007/2008** | | | | | |
| Crusher & Powder shed | 6.67% | 230,781 | 15,340 | 15,393 | (53) |
| Factory Boundary wall - New | 6.67% | 84,646 | 6,707 | 5,646 | 1,061 |
| Slag Shed | 6.67% | 607,333 | 48,132 | 40,509 | 7,623 |
| | | **922,760** | **70,179** | **61,548** | **8,631** |
| **TOTAL** | | **81,921,975** | **50,468,534** | **12,948,423** | **37,520,111** |

POMAPPERUMA & Co. Chartered Accountants