

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SRI RAMCO LANKA (PVT) LTD

Report on the Financial Statements

We have audited the accompanying Financial Statements of **SRI RAMCO LANKA (PVT) LTD**, ("the Company"), and the Consolidated Financial Statements of the Company and its subsidiary ("Group"), which comprise the Statement of Financial Position as at 31st March 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory notes, exhibited on pages 7 to 27.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standard applicable to Small and Medium – sized Entities and for such internal control as Board determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Financial Statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

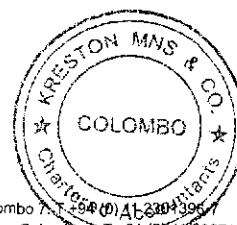
In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31st March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard applicable to Small and Medium – sized Entities.

Partners

Ms. Y. Shirani de Silva FCA, FCMA
Ms. Sivaselvi Balachandran FCA, FCMA
S. Rajanathan FCA, FCMA (UK)
N.K. Atukorala FCA, ACMA
Ms. H D S CA Tilekeratne FCA, ACMA
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Grant Thornton International and the member and correspondent firms are not a worldwide partnership



Contd.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - 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.
 - the Financial Statements of the Company give a true and fair view of its Financial Position as at 31st March 2017, and of its Financial Performance and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standard applicable to Small and Medium - Sized Entities.
 - the Financial Statements of the Company, and the Group comply with the requirements of section 151 and 153 of the Companies Act No. 07 of 2007.


CHARTERED ACCOUNTANTS

COLOMBO

18TH MAY 2017

SR/RB/bn

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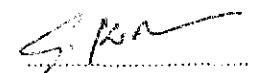
STATEMENT OF FINANCIAL POSITION AS AT

SRJ RAMCO LANKA (PVT) LTD.

		Consolidated		Company	
STATEMENT OF FINANCIAL POSITION AS AT		31.03.2017	31.03.2016	31.03.2017	31.03.2016
Note		SL Rs.	SL Rs.	SL Rs.	SL Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	4	822,344,311.79	911,340,085.55	210,258,592.27	223,882,734.67
Capital Work in Progress	5	199,426,229.52	181,304,668.62	153,560,847.86	140,949,408.86
Leasehold Land Prepayment	6	1,066,800.00	1,058,720.00	1,066,800.00	1,098,720.00
Investment in Subsidiary Company	7	-	-	1,002,140,990.00	1,002,140,990.00
Other Non Current Assets	9(b)	706,907.00	1,233,987.00	706,907.00	1,233,987.00
		<u>1,023,544,248.31</u>	<u>1,094,977,461.17</u>	<u>1,367,734,137.13</u>	<u>1,368,305,840.53</u>
Current Assets					
Inventories	8	867,416,632.30	1,134,454,071.41	405,926,945.08	574,265,122.48
Trade & Other Receivables	9	79,616,191.54	156,299,877.21	44,630,080.95	88,490,944.43
Other Current Assets	10	29,676,215.24	76,898,705.00	7,815,157.41	14,261,869.94
Leasehold Land Prepayment	6	31,920.00	31,920.00	31,920.00	31,920.00
Cash at Bank & in Hand	11	1,231,171,516.72	1,263,742,194.47	621,568,323.56	658,526,739.03
		<u>2,207,912,475.80</u>	<u>2,631,426,768.09</u>	<u>1,079,972,427.00</u>	<u>1,335,576,595.88</u>
TOTAL ASSETS		<u>3,231,456,724.11</u>	<u>3,726,404,229.26</u>	<u>2,447,706,564.13</u>	<u>2,704,882,436.41</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	13	230,002,020.00	230,002,020.00	230,002,020.00	230,002,020.00
Retained Earnings		2,315,512,465.07	2,407,137,194.20	1,773,493,114.76	1,862,523,638.76
		<u>2,545,514,485.07</u>	<u>2,637,139,214.20</u>	<u>2,003,495,134.76</u>	<u>2,092,525,658.76</u>
Non Controlling Interest		19,898,019.82	19,932,136.94	-	-
Total Equity		<u>2,565,412,504.89</u>	<u>2,657,071,351.14</u>	<u>2,003,495,134.76</u>	<u>2,092,525,658.76</u>
Non-Current Liabilities					
Deferred Liabilities	14	90,132,564.25	54,644,899.89	56,655,966.04	60,245,598.40
		<u>90,132,564.26</u>	<u>54,644,899.89</u>	<u>56,655,966.04</u>	<u>60,245,598.40</u>
Current Liabilities					
Trade & Other Payables	16	283,839,238.49	636,297,903.23	203,909,483.06	348,052,753.35
Trade Deposits		1,484,823.19	1,484,823.19	1,484,823.19	1,484,823.19
Income Tax Payable	17	53,865,764.25	50,918,269.81	63,553,616.06	60,831,095.50
Other Current Liabilities	18	65,030,893.10	8,835,026.34	40,308,358.44	3,449,524.93
Amount due to Related Company	19	112,405,205.92	111,174,276.63	70,419,455.12	53,909,070.08
Long Term Borrowings payable in the ensuing year	15	-	83,732,300.00	-	83,782,000.00
Bank Overdraft	11	59,285,730.00	56,145,679.03	7,879,727.46	601,912.19
		<u>573,911,654.96</u>	<u>1,004,607,978.22</u>	<u>387,555,463.33</u>	<u>552,111,179.25</u>
TOTAL EQUITY & LIABILITIES		<u>3,231,456,724.11</u>	<u>3,726,404,229.26</u>	<u>2,447,706,564.13</u>	<u>2,704,882,436.41</u>

The Accounting Policies and Notes on pages 7 to 27 form an integral part of these Financial Statements.

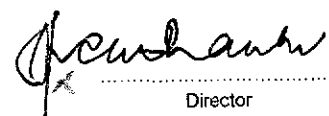
I certify that the Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.


Assistant Manager - Accounts

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed on behalf of the Board of Directors.


Director

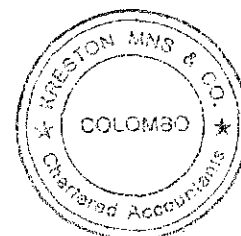

Director

18th May 2017



STATEMENT OF COMPREHENSIVE INCOME

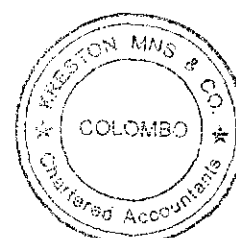
FOR THE YEAR ENDED	Note	Consolidated		Company	
		31.03.2017 SL Rs.	31.03.2016 SL Rs.	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Revenue	21	4,200,002,816.83	3,829,889,240.95	2,311,806,367.82	1,842,409,508.14
Cost of Sales		(2,952,913,880.62)	(2,793,893,346.55)	(1,614,522,977.33)	(1,310,010,169.88)
Gross Profit		1,247,088,936.21	1,035,995,894.40	697,283,390.49	532,399,338.26
Other Income	22	2,499,599.46	2,106,905.22	1,396,021.04	2,234,686.78
		1,249,588,535.67	1,038,102,799.62	698,679,411.53	534,634,025.04
Distribution Costs		(158,233,018.55)	(122,078,768.17)	(87,357,956.23)	(63,819,647.42)
Administrative Expenses		(185,814,924.53)	(163,032,726.35)	(94,088,425.84)	(85,302,382.27)
Other Expenses		(25,822,664.20)	(17,015,392.05)	(17,193,739.42)	(15,766,722.82)
Finance Cost	23	(3,465,881.09)	(11,171,458.50)	(3,465,881.09)	(11,171,458.50)
Finance Income	23	114,908,602.06	72,702,633.27	411,884,440.05	129,565,213.85
Profit before Taxation	24	991,160,649.36	797,507,087.82	908,457,849.00	488,139,027.88
Taxation	25	(238,151,314.60)	(132,036,409.90)	(157,981,000.00)	(115,948,000.00)
Profit for the year		753,009,334.75	665,470,677.92	750,476,849.00	372,191,027.88
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the year		753,009,334.75	665,470,677.92	750,476,849.00	372,191,027.88
Attributable to					
Equity Holder of the Parent Company		747,882,643.87	660,469,762.20	750,476,849.00	372,191,027.88
Non Controlling Interest		5,126,690.88	5,000,915.72	-	-
		753,009,334.75	665,470,677.92	750,476,849.00	372,191,027.88



STATEMENT OF CHANGES IN EQUITY

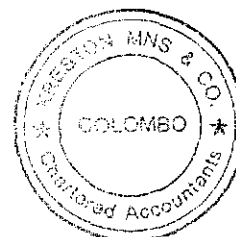
FOR THE YEAR ENDED 31ST MARCH 2017

Consolidated	Note	Stated Capital SL Rs.	Retained Earnings SL Rs.	Non Controlling Interest SL Rs.	Total SL Rs.
Balance as at 31st March 2015		230,002,020.00	1,930,669,048.00	16,221,423.22	2,176,892,491.22
Dividend - Final 2014/2015	20	-	(46,000,404.00)	-	(46,000,404.00)
Dividend - First Interim 2015/2016	20	-	(46,000,404.00)	-	(46,000,404.00)
Dividend - Second Interim 2015/16	20	-	(92,000,808.00)	-	(92,000,808.00)
Transaction with Owners		-	(184,001,616.00)	-	(184,001,616.00)
Profit for the year		-	660,469,762.20	5,000,915.72	665,470,677.92
Other Comprehensive Income for the year		-	-	-	-
Total Comprehensive Income for the year		-	660,469,762.20	5,000,915.72	665,470,677.92
Dividend paid by Subsidiary company to outside shareholders		-	-	(1,290,202.00)	(1,290,202.00)
Balance as at 31st March 2016		230,002,020.00	2,407,137,194.20	19,932,136.94	2,657,071,351.14
Dividend - Final 2015/2016	20	-	(230,002,020.00)	-	(230,002,020.00)
Dividend - First Interim 2016/17	20	-	(287,502,525.00)	-	(287,502,525.00)
Dividend - Second Interim 2016/17	20	-	(230,002,020.00)	-	(230,002,020.00)
Dividend - Third Interim 2016/17	20	-	(92,000,808.00)	-	(92,000,808.00)
Transaction with Owners		-	(839,507,373.00)	-	(839,507,373.00)
Profit for the year		-	747,882,643.87	5,126,690.88	753,009,334.75
Other Comprehensive Income for the year		-	-	-	-
Total Comprehensive Income for the year		-	747,882,643.87	5,126,690.88	753,009,334.75
Dividend paid by Subsidiary company to outside shareholders		-	-	(5,160,808.00)	(5,160,808.00)
Balance as at 31st March 2017		230,002,020.00	2,315,512,465.07	19,898,019.82	2,565,412,504.89
Company					
Balance as at 31st March 2015		230,002,020.00	1,674,334,226.88	-	1,904,336,246.88
Dividend - Final 2014/2015		-	(46,000,404.00)	-	(46,000,404.00)
Dividend - First Interim 2015/2016		-	(46,000,404.00)	-	(46,000,404.00)
Dividend - Second Interim 2015/16		-	(92,000,808.00)	-	(92,000,808.00)
Transaction with Owners		-	(184,001,616.00)	-	(184,001,616.00)
Profit for the year		-	372,191,027.88	-	372,191,027.88
Other Comprehensive Income for the year		-	-	-	-
Total Comprehensive Income for the year		-	372,191,027.88	-	372,191,027.88
Balance as at 31st March 2016		230,002,020.00	1,862,523,638.76	-	2,092,525,658.76
Dividend - Final 2015/2016	20	-	(230,002,020.00)	-	(230,002,020.00)
Dividend - First Interim 2016/17	20	-	(287,502,525.00)	-	(287,502,525.00)
Dividend - Second Interim 2016/17	20	-	(230,002,020.00)	-	(230,002,020.00)
Dividend - Third Interim 2016/17	20	-	(92,000,808.00)	-	(92,000,808.00)
Transaction with Owners		-	(839,507,373.00)	-	(839,507,373.00)
Profit for the year		-	750,476,849.00	-	750,476,849.00
Other Comprehensive Income for the year		-	-	-	-
Total Comprehensive Income for the year		-	750,476,849.00	-	750,476,849.00
Balance as at 31st March 2017		230,002,020.00	1,773,493,114.76	-	2,003,495,134.76



CASH FLOW STATEMENT FOR THE YEAR ENDED

	Note	Consolidated		Company	
		31.03.2017 SL Rs.	31.03.2016 SL Rs.	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Profit before Taxation		991,160,649.36	797,507,087.82	908,457,849.00	488,139,027.88
Adjustments :					
Provision for Retiring Gratuity	24	2,244,175.43	760,175.29	1,212,024.19	(179,375.12)
Leasehold Land Amortization (Factory & Staff Quarters)	24	31,920.00	31,920.00	31,920.00	31,920.00
Depreciation	24	113,448,375.77	117,323,328.39	33,814,098.72	36,176,611.06
Interest	23	3,465,881.09	11,171,458.50	3,465,881.09	11,171,458.50
Provision for Replacement of Damaged Sheets	24	7,414,327.23	5,461,149.25	4,161,346.93	2,522,872.00
Finance Income	23	(114,908,602.06)	(72,702,633.27)	(411,884,440.05)	(129,565,213.85)
Capital Work in Progress written off	5	-	479,104.25	-	-
Profit on Disposal of Property, Plant & Equipment	22	(173,913.04)	(810,810.81)	(173,913.04)	(810,810.81)
Provision for Impairment - Other Debtors	24	8,000,000.00	10,846,394.62	8,000,000.00	10,846,394.62
Cost of sheets replaced relating to previous year sales	18.1	(5,461,149.25)	(5,452,646.72)	(2,522,872.00)	(3,177,836.31)
Operating Profit before changes in Working Capital		1,005,221,664.52	864,614,527.32	544,561,894.84	415,155,047.97
Changes in Working Capital					
(Increase) / Decrease in Inventories	8	267,037,439.11	(489,843,309.94)	168,338,177.40	(267,979,306.20)
(Increase) / Decrease in Trade & Other Receivables	9	69,210,765.67	(55,287,111.84)	36,387,943.48	(28,742,568.75)
(Increase) / Decrease in Other Current Assets	10	52,045,410.84	(31,038,165.39)	6,446,712.53	(5,046,571.02)
Increase / (Decrease) in Trade & Other Payables	16	(402,458,664.74)	503,364,164.67	(144,143,270.29)	210,736,299.79
Increase / (Decrease) in Other Current Liabilities	18	48,910,184.10	(25,723,757.12)	35,220,358.58	(23,090,820.48)
Increase / (Decrease) in Amount due to Related Company	19	1,230,929.29	23,701,126.23	16,510,385.03	7,908,717.88
Cash Generated from Operations		1,041,197,728.79	789,787,473.93	663,322,201.57	308,940,799.19
W.H. Tax Paid / Notional Tax Paid	17	(10,513,530.62)	(7,166,394.99)	(4,738,504.51)	(3,833,384.10)
ESC Paid	10(a)	(24,740,667.62)	(5,588,575.96)	(13,589,576.22)	-
Income Tax Paid	17	(141,115,398.71)	(98,628,359.00)	(141,115,398.71)	(98,628,359.00)
Gratuity Paid	14	(1,045,511.05)	(399,094.00)	(616,656.55)	(399,094.00)
Dividend Tax	25	(40,085,639.60)	(10,021,409.90)	-	-
Interest Paid	23/15	(3,465,881.09)	(12,415,285.50)	(3,465,881.09)	(12,415,285.50)
Net Cash Flows from Operating Activities		820,231,100.10	655,568,354.58	499,796,184.48	193,664,676.59
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from Disposal of Assets		173,913.04	810,810.81	173,913.04	810,810.81
Purchase of Property, Plant & Equipment	4	(13,252,174.50)	(17,930,456.80)	(9,108,468.80)	(17,678,794.30)
Investment in Capital Work-in-Progress	5	(29,321,988.41)	(50,063,406.85)	(23,692,926.51)	(15,188,049.55)
Finance Income Received	23	114,908,602.06	72,702,633.27	411,884,440.05	129,565,213.85
Net Cash Flows from Investing Activities		72,508,352.18	5,519,580.43	379,256,957.78	97,509,180.81
CASH FLOW FROM FINANCING ACTIVITIES					
Long Term Loan - Net	15	(83,782,000.00)	(112,796,000.00)	(83,782,000.00)	(112,796,000.00)
Dividend Paid	20	(839,507,373.00)	(184,001,616.00)	(839,507,373.00)	(184,001,616.00)
Dividend Paid by subsidiary Company to Outside Shareholders		(5,160,808.00)	(1,290,202.00)	-	-
Net Cash used in Financing Activities		(928,450,181.00)	(298,087,818.00)	(923,289,373.00)	(296,797,616.00)
Net Increase/(Decrease) in Cash & Cash Equivalents		(35,710,728.72)	363,000,117.01	(44,236,230.74)	(5,623,758.60)
Cash & Cash Equivalents at the beginning of the year	11	1,207,596,515.44	844,596,398.43	657,924,826.84	663,548,585.44
Cash & Cash Equivalents at the end of the year	11	1,171,885,786.72	1,207,596,515.44	613,688,596.10	657,924,826.84



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - CORPORATE INFORMATION

Name of the Company	: - Sri Ramco Lanka (Pvt) Ltd.
Legal Form	: - A Private Limited Liability Company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 on 09.09.1994 - N(PVS) 13651 and re-registered under the Companies Act No. 07 of 2007 on 25.06.2008 - (PV 4683).
Registered Office / Factory	: - Makandura Industrial Park, Makandura, Gonawila (NWP)
Nature of business / activities	: -
Company Sri Ramco Lanka (Pvt) Ltd	Activities Manufacture & Local Sale of Asbestos Roofing Sheets (Approval obtained from the Ministry of Industries & BOI)
Subsidiary (Note7) Sri Ramco Roofings Lanka (Pvt) Ltd.	Manufacture of rubber household items & plastic items, asbestos fiber cement sheets and accessories.
Parent enterprise of Sri Ramco Lanka (Pvt) Ltd.	: - Ramco Industries Ltd. Chennai - India

NOTE 2 - GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH SRI LANKA ACCOUNTING STANDARD FOR SMALL AND MEDIUM SIZED ENTITIES (SLFRS FOR SMES)

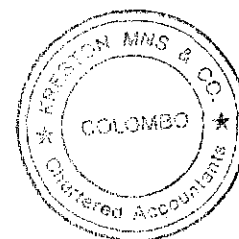
The Consolidated Financial Statements of the Group for the year ended 31st March 2017 have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka. They are presented in Sri Lankan Rupees (Rs), which is also the functional currency of the Group.

The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease operations.

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES

NOTE 3.1 - OVERALL CONSIDERATIONS

The significant accounting policies that have been used in the preparation of these Consolidated Financial Statements are summarised below. These accounting policies have been used throughout all periods presented in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**NOTE 3 - SUMMARY OF ACCOUNTING POLICIES (CONTD.)****NOTE 3.2 - BASIS OF CONSOLIDATION**

The Group financial statements consolidate those of the parent company and its subsidiary undertaking. Sri Ramco Lanka (Pvt) Ltd obtains and exercises control through ownership of more than half of the voting rights of its subsidiary Sri Ramco Roofings Lanka (Pvt) Ltd.

Unrealised gains and losses on transactions between Group companies are eliminated. When unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment. Amounts reported in financial statements of subsidiary has been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition or up to the effective date of disposal as applicable.

Non-controlling interests represent the portion of the subsidiary's profit or loss and net assets not held by the Group. Transactions with non- controlling interests that do not result in a loss of control are accounted for as equity transactions. Any difference between the consideration exchanged and the amount of the change in the non-controlling interests in subsidiaries is recorded in equity attributable to the owners of the parent.

NOTE 3.3 - BUSINESS COMBINATIONS

Business combinations are accounted for using the purchase method. This involves recognising the acquiree's identifiable net assets, including contingent liabilities, at fair value regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill is stated after separately recognising identifiable intangible assets and represents the excess of the acquisition cost over the Group's share of the identifiable net assets of the acquiree recognised at the date of acquisition. Any excess of identifiable net assets over acquisition cost is recognised in profit and loss immediately after the acquisition.

NOTE 3.4 - INVESTMENT IN SUBSIDIARY COMPANY

Investment in Subsidiary Company has been accounted for at cost in the separate Financial Statements of the Company, net of any impairment losses which are charged to the Income Statement.

Income from this investment is recognised only to the extent of dividends received

NOTE 3.5 - FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency of the respective Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items that are measured at historical cost are not retranslated. Non-monetary items that are measured at fair value are translated at the exchange rates at the date fair value was determined.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES (CONTD.)

NOTE 3.6 - REVENUE

Revenue is measured at the fair value of consideration received or receivable, excluding sales taxes collected on behalf of third parties, volume rebates, and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer with the Company retaining neither continuing managerial involvement to the degree usually associated with the ownership, nor an effective control over the goods sold.

(b) Interest and Dividend Income

Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

(c) Others

Other income is recognised on an accrual basis.

NOTE 3.7 - BORROWING COSTS

All borrowing costs are expensed in the period in which they are incurred.

NOTE 3.8 - EVENTS OCCURRING AFTER THE REPORTING DATE

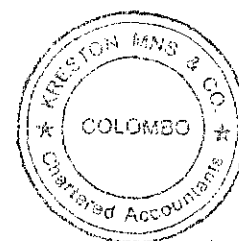
All material events occurring after the reporting date have been considered and where necessary adjustments to or disclosure have been made in the Financial Statements.

NOTE 3.9 - PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

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. The following useful lives are used for the depreciation of Property, Plant & Equipment:

Plant & Machinery	10 %
Buildings	3.33 %
Lab Equipment	10 %
Motor Vehicles & Fork Lift Trucks	20 %
Furniture, Fixtures & Fittings	10 %
Electrical Goods	10 %
Electrical Installation	10 %
Office & Other Equipment	10 %
Factory Tools	10%
Factory Equipment	10%
Tube Well	10%



From the year 2006/2007 the Company changed its accounting policy to provide depreciation from the month of purchase / construction to the month of disposal. Upto the year 2005/06 full provision was made in the year of purchase / construction and no provision was made in the year of disposal.

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 that asset is revised prospectively to reflect the new expectations.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**NOTE 3 - SUMMARY OF ACCOUNTING POLICIES (CONTD.)****NOTE 3.10 - LEASED ASSETS**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the leased asset to the Company. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental costs, if any. A corresponding amount is recognised as a finance lease liability.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Company. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of lease payments is calculated using the effective interest method to represent a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

NOTE 3.11 - CAPITAL WORK IN PROGRESS

Capital expenditure incurred which are not completed as at the Reporting date are shown as capital work in progress and the capital assets completed / installed during the year have been transferred to Property, Plant & Equipment.

NOTE 3.12 - IMPAIRMENT TESTING OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT IN SUBSIDIARY COMPANY

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash-inflows (cash-generating units – CGUs). As a result, some assets are tested individually for impairment and some are tested at the CGU level. Goodwill is allocated to those CGUs that are expected to benefit from the synergies of the related business combination.

Individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount.

Impairment losses for CGUs reduce first the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro-rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently assessed for indications that an impairment loss previously recognised may no longer exist. In that case the previous impairment loss is reversed through comprehensive Income Statement.

NOTE 3.13 - CASH & CASH EQUIVALENTS

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of change in value.

For the purpose of the Cash Flow Statement Cash and Cash Equivalents comprise cash in hand, demand deposits, net of bank overdraft.

Cash Flow Statement has been prepared using indirect method.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES (CONTD.)

NOTE 3.14 - FINANCIAL INSTRUMENTS

(a) Financial Assets

Amounts due from related Companies, cash & cash equivalents and trade & other receivables

These financial assets are recognised initially at the transaction price.

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial or where the balances are recoverable on demand. 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 recognised immediately in profit or loss.

Investments in Fixed deposits

Investments in fixed deposits are recognized initially at transaction price.

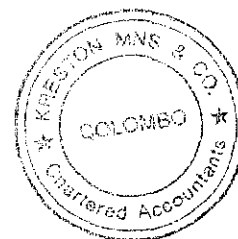
Investments in fixed deposits are measured subsequently at amortised cost using effective interest method less impairment.

(b) Financial Liabilities

The Company's financial liabilities include borrowings, amounts due to related Companies and trade and other payables. Financial liabilities are recognised initially at transaction price. After initial recognition they are measured at amortised cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest. Amounts due to related Companies are stated at cost since these are considered as payable on demand.

NOTE 3.15 - INVENTORIES

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Value of Raw materials, finished goods and General Stock items are determined on weighted average basis. Inventories are assessed for impairment at each reporting date. Impairment losses on inventory are recognised immediately in profit or loss and presented within 'other operating expenses'.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES (CONTD.)

NOTE 3.16 - INCOME TAXES

Sri Ramco Lanka (Pvt) Ltd

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to or claims from the Department of Inland Revenue relating to current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the Financial Statements.

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases that are expected to increase or reduce taxable profit in the future and on unused tax losses and unused tax credits.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization provided that they are enacted or substantively enacted at the reporting date, taking into consideration all possible outcomes of a review by the tax authorities.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted as necessary to reflect the current assessment of future taxable profit.

Current tax assets and liabilities, or deferred tax assets and liabilities, are offset only when the Company has a legally enforceable right to offset the amounts and intends to settle on a net basis or realise the asset and settle the liability simultaneously.

Sri Ramco Roofings Lanka (Pvt) Ltd.

(a) Corporate Income Tax

The Company has entered into an agreement with the Board of Investment of Sri Lanka under Section 17(2) of the BOI Law No. 4 of 1978 on 12th November 2010 to set up, conduct and operate a project to manufacture rubber household items & plastic items, asbestos fibre cement sheets and accessories on the land at Pallegodawatta Industrial Estate, Mathugama in the Divisional Secretariat Divisions of Mathugama in the District of Kalutara. According to this agreement:

- (i) For a period of five (05) years reckoned from the year of assessment as may be determined by the Board ("tax exemption period") the provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition payment and recovery of income tax in respect of the profits and income of the Enterprise shall not apply to the profits and income of the Company.

For the above purpose the year of assessment shall be reckoned from the year in which the Enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations, whichever year is earlier, as specified in a certificate issued by the Board.

Since the Company commenced its commercial operation on 10.02.2012 and has incurred tax loss for the Y/A 2011/12, the Company is of the view the tax holiday commenced from year of assessment 2012/2013.

- (ii) After the expiration of the aforesaid tax exemption period, referred to in sub-clause (i) above, the profits and income of the Enterprise shall be charged at the rate of ten per centum (10%) ("Concessionary Period") for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profits and income of the Enterprise is exempted from the income tax.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES (CONTD.)

NOTE 3.16 - INCOME TAXES (CONTD.)

- (iii) After the expiration of the aforesaid concessionary period referred to in sub-clause (ii) above, the profits and income of the Enterprise shall be charged for any year of assessment at the rate of twenty per centum (20%)

The above tax concession will apply only if the following conditions are satisfied:-

- (a) Make an investment of Sri Lankan Rupees Thirty Eight Million Seven Hundred and Sixty Thousand (Rs. 38,760,000/-) ("the investment") in the business on / or before 31st March 2012. The investment shall be made in Plant, Machinery and Buildings.
- (b) Create employment opportunities for a minimum of hundred (100) local persons in the business on / or before 31st March 2012 and
- (c) Locate the business at the site and shall not conduct the business in any other place and no other project and / or business activities shall be conducted at the site.

(b) **Deferred Taxation**

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases that are expected to increase or reduce taxable profit in the future and on unused tax losses and unused tax credits.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization provided that they are enacted or substantively enacted at the reporting date, taking into consideration all possible outcomes of a review by the tax authorities.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted as necessary to reflect the current assessment of future taxable profit.

NOTE 3.17 - ECONOMIC SERVICE CHARGE (ESC)

As per the provisions of the Finance Act No. 11 of 2004, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the Company's income tax liability, and any excess can be carried forward and set off against the income tax payable for a specified period. No refund of ESC is due thereafter.

NOTE 3.18 - EQUITY, RESERVES AND DIVIDEND PAYMENTS

The total amount received by the Company or due and payable to the Company in respect of the issue of shares are referred to as "Stated Capital".

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES (CONTD.)

NOTE 3.19 - POST-EMPLOYMENT BENEFITS, SHORT-TERM EMPLOYEE BENEFITS AND TERMINATION BENEFITS

Post Employment Benefit

The Company provides post-employment benefits through various defined contribution plans and defined benefit plans.

Defined Contribution Plans

A defined contribution plan is a post - employment benefit plan under which the Company pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to Employees' Provident and Employees' Trust Funds covering all employees are recognised as an expense in profit or loss as incurred.

The Company contributes 12% and 3% of gross emoluments of employees as Provident Fund and Trust Fund contribution respectively.

Defined Benefit Plan - Gratuity

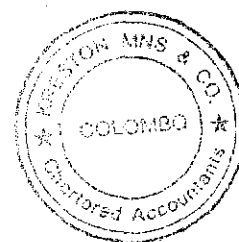
A defined benefit plan is a post - employment benefit plan other than a defined contribution plan. The defined benefit obligation is measured using the projected unit credit method assuming a 10 per cent average annual salary increase, with employee turnover based on the Company's recent experience. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Termination Benefits

Termination benefits are recognised as an expense when the Company has announced a detailed formal plan for the termination to the employees affected and are measured at the estimated expenditure required to settle the obligations at the reporting date.

NOTE 3.20 - OTHER CURRENT ASSETS AND OTHER CURRENT LIABILITIES

Other Current assets comprise advances and prepayments and they are stated at cost less impairment losses. Other current liabilities are stated at cost.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES (CONTD.)

NOTE 3.21 - SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market driven changes that may reduce future selling prices.

Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as discount rate, future salary, increment rate, etc.

Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES (CONTD.)

NOTE 3.21 - SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY (CONTD.)

Transfer pricing regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

Fair value of financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

NOTE 3.22 - EXPENDITURE

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit for the year.

All expenditure incurred in the acquisition, extension or improvement of assets of a permanent nature in order to carry on or increase the earning capacity of the business has been treated as capital expenditure.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 4 - PROPERTY, PLANT & EQUIPMENT

4.1 Consolidated

Item	As at 01.04.2016 SL Rs.	Additions SL Rs.	Disposal SL Rs.	As at 31.03.2017 SL Rs.
Plant & Machinery	1,029,022,970.07	19,266,307.11	-	1,048,289,277.18
Building	491,996,953.98	118,940.00	-	492,115,893.98
Lab Equipment	4,888,974.88	-	-	4,888,974.88
Motor Vehicles & Fork Lift Trucks	60,239,112.54	-	2,744,720.92	57,494,391.62
Furniture & Fittings	14,987,916.54	910,624.75	-	15,898,541.29
Electrical Goods	129,696,106.79	2,853,164.92	-	132,549,271.71
Office & Other Equipment	15,409,956.10	1,303,565.23	-	16,713,521.33
Electrical Installation	62,767,647.72	-	-	62,767,647.72
Factory Equipment	4,977,838.80	-	-	4,977,838.80
Factory Tools	454,400.00	-	-	454,400.00
Tube Well	2,196,895.38	-	-	2,196,895.38
	<u>1,816,638,772.80</u>	<u>24,452,602.01</u>	<u>2,744,720.92</u>	<u>1,838,346,653.89</u>

Depreciation	As at 01.04.2016 SL Rs.	Charge for the year SL Rs.	On Disposal SL Rs.	As at 31.03.2017 SL Rs.
Plant & Machinery	622,491,038.59	71,196,586.41	-	693,687,625.00
Building	115,163,689.31	16,387,540.59	-	131,551,229.89
Lab Equipment	3,326,425.47	295,571.34	-	3,621,996.81
Motor Vehicles & Fork Lift Trucks	47,180,039.17	4,702,949.44	2,744,720.92	49,138,267.69
Furniture & Fittings	7,839,338.13	1,254,146.33	-	9,093,484.46
Electrical Goods	70,904,684.49	11,432,291.98	-	82,336,976.47
Office & Other Equipment	3,445,327.68	1,288,101.14	-	4,733,428.82
Electrical Installation	23,750,844.64	6,128,275.12	-	29,879,119.76
Factory Equipment	2,056,050.31	497,783.88	-	2,553,834.19
Factory Tools	198,120.11	45,440.00	-	243,560.11
Tube Well	943,129.35	219,693.54	-	1,162,818.89
	<u>905,298,087.25</u>	<u>113,448,375.77</u>	<u>2,744,720.92</u>	<u>1,016,002,342.10</u>

Written Down Value	As at 31.03.2017 SL Rs.	As at 31.03.2016 SL Rs.
Plant & Machinery	354,301,652.18	406,531,931.48
Building	360,564,654.09	376,833,264.67
Lab Equipment	1,263,978.07	1,562,549.41
Motor Vehicles & Fork Lift Trucks	8,353,123.93	13,059,073.37
Furniture & Fittings	6,805,056.83	7,148,578.41
Electrical Goods	50,212,295.24	58,791,422.30
Office & Other Equipment	6,980,092.51	6,964,628.42
Electrical Installation	29,868,527.96	36,016,803.08
Factory Equipment	2,424,004.61	2,921,788.49
Factory Tools	210,839.89	256,279.89
Tube Well	1,034,076.49	1,253,766.03
	<u>822,344,311.79</u>	<u>911,340,085.55</u>



Property, Plant & Equipment includes fully depreciated assets the cost of which amounts to Rs. 424,867,506.03

NOTE 4.2 - SRI RAMCO ROOFINGS LANKA (PVT) LTD - BUILDING AT COST - RS. 337,335,676.92

The above building has been constructed on 15 acres Land obtained on a 35 years lease from the Ministry of Industry & Commerce. The terms of Payment for this land has not been finalised yet.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 4 - PROPERTY, PLANT & EQUIPMENT (CONTD.)

4.3 Company

Item	As at 01.04.2016 SL Rs.	Additions SL Rs.	Disposal SL Rs.	As at 31.03.2017 SL Rs.
Plant & Machinery	545,209,971.93	18,279,366.33	-	563,489,338.26
Building	154,780,217.06	-	-	154,780,217.06
Lab Equipment	2,231,191.52	-	-	2,231,191.52
Motor Vehicles & Fork Lift Trucks	37,806,366.13	-	2,744,720.92	35,061,645.21
Furniture & Fittings	8,831,087.36	898,524.75	-	9,729,612.11
Electrical Goods	37,225,698.83	-	-	37,225,698.83
Office & Other Equipment	11,513,698.60	1,012,065.23	-	12,530,763.83
Electrical Installation	5,076,033.33	-	-	5,076,033.33
	<u>802,679,264.76</u>	<u>20,189,956.31</u>	<u>2,744,720.92</u>	<u>820,124,500.15</u>

Depreciation	As at 01.04.2016 SL Rs.	Charge for the year SL Rs.	Disposal SL Rs.	As at 31.03.2017 SL Rs.
Plant & Machinery	428,646,209.43	22,785,261.22	-	451,431,470.65
Building	70,488,878.77	5,154,181.20	-	75,643,059.97
Lab Equipment	2,173,858.30	29,793.00	-	2,208,651.30
Motor Vehicles & Fork Lift Trucks	30,634,213.67	1,876,778.52	2,744,720.92	29,766,271.27
Furniture & Fittings	5,360,950.20	637,656.72	-	5,998,606.92
Electrical Goods	31,885,741.23	2,076,622.32	-	33,962,363.55
Office & Other Equipment	6,913,188.99	894,692.06	-	7,807,881.05
Electrical Installation	2,688,489.49	359,113.68	-	3,047,603.17
	<u>578,796,530.08</u>	<u>33,814,098.72</u>	<u>2,744,720.92</u>	<u>609,865,907.88</u>

Written Down Value

	As at 31.03.2017 SL Rs.	As at 31.03.2016 SL Rs.
Plant & Machinery	112,057,867.61	116,563,762.50
Building	79,137,157.09	84,291,338.29
Lab Equipment	22,540.22	52,333.22
Motor Vehicles & Fork Lift Trucks	5,295,373.94	7,172,152.46
Furniture & Fittings	3,731,005.19	3,470,137.16
Electrical Goods	3,263,335.28	5,339,957.60
Office & Other Equipment	4,722,882.78	4,605,509.61
Electrical Installation	2,028,430.16	2,387,543.84
	<u>210,258,592.27</u>	<u>223,882,734.67</u>



Property, Plant & Equipment includes fully depreciated assets the cost of which amounts to Rs. 408,589,759.62

The Land on which the factory building at Gonawila had been constructed represents 20 Acres, 15 Acres for the factory and 5 Acres for staff quarters which has been allocated by the government. Although the order for allotment of 5 Acres staff quarters land had been obtained, the terms of payment has been finalised only for 3.5 Acres. The terms of payment for the balance 1.5 Acres block of land has not been finalised yet.

The 15 Acres allocated for the factory land had been obtained on a 50 Years lease commencing January 2001 for which a lump-sum payment of Rs. 1,250,000/= had been paid as premium & a further sum of Rs. 630,000/= as rental payable annually up to August 2011.

Rental Payable from September 2011 are given below,

September 2011 to August 2016

Rs. 945,000.00 per year

From September 2016

Rs. 1,417,500.00 per year.

The 3.5 Acres staff quarter land has been obtained on a 50 years lease commencing September 2003 for which a lump-sum of Rs. 336,000/= had been paid as premium and a further sum of Rs. 112,000/= as rental payable annually up to August 2008.

Rentals payable from September 2008 are given below.

September 2008 to August 2013

Rs. 168,000 per year

From September 2013

Rs. 252,000 per year

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Consolidated		Company	
	31.03.2017 SL Rs.	31.03.2016 SL Rs.	31.03.2017 SL Rs.	31.03.2016 SL Rs.
NOTE 5 - CAPITAL WORK IN PROGRESS				
Balance on 1st April	181,304,668.62	131,720,366.02	140,949,408.86	125,761,359.31
Additions during the year	29,321,988.41	50,063,406.85	23,692,926.51	15,188,049.55
Capitalised during the year	(11,200,427.51)	-	(11,081,487.51)	-
Amount transferred to Income Statement	-	(479,104.25)	-	-
Balance on 31st March	<u>199,426,229.52</u>	<u>181,304,668.62</u>	<u>153,560,847.86</u>	<u>140,949,408.86</u>

Capital Work in Progress at year end represents the following Assets purchased/constructed which have not been installed as at the Reporting date.

NOTE 5(a) - CAPITAL WORK IN PROGRESS - MAKANDURA FACTORY (SRI RAMCO LANKA (PVT) LTD)

Description	Balance on 01.04.2016	Additions during the year	Capitalised during the year	Balance on 31.03.2017
01 No. Conveyors & Long Cutting Device	3,503,766.02	-	-	3,503,766.02
05 Nos. Trolley Lifters	4,144,881.12	-	-	4,144,881.12
12 Nos. Sieve Cylinder	2,606,570.54	-	-	2,606,570.54
01 No. Bag Opening Device	5,223,500.25	-	-	5,223,500.25
01 No. Waste Handling System Without Drive	858,546.95	-	-	858,546.95
Plant for Manufacture of Asbestos Cement Products in CKD Condition	20,609,756.25	-	-	20,609,756.25
01 No. Shuttle Trolley	450,135.91	-	-	450,135.91
Plant -01 Replacement	64,527,519.00	-	-	64,527,519.00
RM Automation	22,356,335.14	-	-	22,356,335.14
Recron Feeding System with accessories	1,563,087.71	-	1,563,087.71	-
Ball mill with motor	2,193,059.20	-	2,193,059.20	-
Flat Sheet Templates	7,325,340.60	18,645,009.22	7,325,340.60	18,645,009.22
Unloading Machine with Accessories	5,586,910.17	-	-	5,586,910.17
Sheet Forming Drum	-	3,560,152.00	-	3,560,152.00
Fibre Godown	-	1,487,765.29	-	1,487,765.29
	<u>140,949,408.86</u>	<u>23,692,926.51</u>	<u>11,081,487.51</u>	<u>153,560,847.86</u>

NOTE 5(b) - CAPITAL WORK IN PROGRESS - KALUTARA FACTORY (SRI RAMCO ROOFINGS LANKA (PVT) LTD)

	Balance on 01.04.2016	Additions during the year	Capitalised during the year	Balance on 31.03.2017
Dormitory First Floor	4,021,924.74	-	-	4,021,924.74
HR Office 1st floor	1,346,537.73	-	-	1,346,537.73
Tube Well for Drinking Water	118,940.00	-	118,940.00	-
Junbo Bag Cement Unloading Machine	4,977,071.50	-	-	4,977,071.50
732 Pcs of flat sheet templates	27,672,152.28	-	-	27,672,152.28
Ball mill MT/HR 1.5MD * 2L with motor	2,218,633.52	-	-	2,218,633.52
Compound Wall	-	4,661,471.90	-	4,661,471.90
Ball mill unit	-	147,590.00	-	147,590.00
PRT Moldings	-	800,000.00	-	800,000.00
	<u>40,355,239.75</u>	<u>5,629,061.90</u>	<u>118,940.00</u>	<u>45,085,381.66</u>
	<u>181,304,668.62</u>	<u>29,321,988.41</u>	<u>11,200,427.51</u>	<u>199,426,229.52</u>



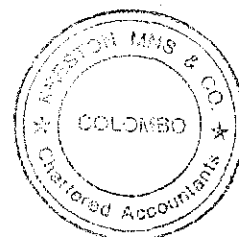
NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Consolidated		Company	
	31.03.2017 SL Rs.	31.03.2016 SL Rs.	31.03.2017 SL Rs.	31.03.2016 SL Rs.
NOTE 6 - LEASEHOLD LAND PREPAYMENT				
On Operating Lease				
Balance on 1st April	1,130,640.00	1,162,560.00	1,130,640.00	1,162,560.00
Amortisation during the year	(31,920.00)	(31,920.00)	(31,920.00)	(31,920.00)
Balance on 31st March	1,098,720.00	1,130,640.00	1,098,720.00	1,130,640.00
Leasehold Land Balance Chargeable to Income Statement within one year	31,920.00	31,920.00	31,920.00	31,920.00
Leasehold Land Balance Chargeable to Income Statement after one year	1,066,800.00	1,098,720.00	1,066,800.00	1,098,720.00
Represented by :				
Leasehold Land (Factory)	856,800.00	882,000.00	856,800.00	882,000.00
Leasehold Land (Staff Quarters)	241,920.00	248,640.00	241,920.00	248,640.00
	1,098,720.00	1,130,640.00	1,098,720.00	1,130,640.00
NOTE 7 - INVESTMENT IN SUBSIDIARY COMPANY				
Balance on 1st April	-	-	1,002,140,990.00	1,002,140,990.00
Additions during the year	-	-	-	-
Disposal during the year	-	-	1,002,140,990.00	1,002,140,990.00
Balance on 31st March	-	-	1,002,140,990.00	1,002,140,990.00
Represented by -				
Investment in Sri Ramco Roofings Lanka (Pvt) Ltd.				
100,214,099 Ordinary Shares				
Percentage Holding - 98.73% (2016 - 98.73%)				
NOTE 8 - INVENTORIES				
Raw Materials	357,072,024.66	865,306,370.71	179,096,187.58	422,875,285.92
Finished Goods	456,647,838.31	227,992,137.46	203,486,647.31	132,199,773.00
Consumables - Machinery Spares & Others	53,696,769.33	41,155,563.24	23,344,110.19	19,190,063.56
	867,416,632.30	1,134,454,071.41	405,926,945.08	574,265,122.48



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Consolidated		Company	
	31.03.2017 SL Rs.	31.03.2016 SL Rs.	31.03.2017 SL Rs.	31.03.2016 SL Rs.
NOTE 9 - TRADE & OTHER RECEIVABLES				
Trade Debtors	62,364,654.07	134,007,867.34	30,344,142.93	70,287,987.05
Less : Provision for impairment - Note 9(a)	(11,912,125.04)	(17,843,423.84)	(11,912,125.04)	(17,843,423.84)
	<u>50,452,529.03</u>	<u>116,164,443.50</u>	<u>18,432,017.89</u>	<u>52,444,563.21</u>
Other Debtors	96,767,059.99	96,767,059.99	96,767,059.99	96,767,059.99
Less: Provision for Impairment - Note 9(a)	(73,105,264.93)	(65,105,264.93)	(73,105,264.93)	(65,105,264.93)
	<u>23,661,795.06</u>	<u>31,661,795.06</u>	<u>23,661,795.06</u>	<u>31,661,795.06</u>
Housing Loan - Staff - Note 9(b)	606,368.00	639,708.00	606,368.00	639,708.00
Staff Debtors	437,671.97	510,103.17	54,900.00	211,378.16
Refundable Deposits	5,523,477.48	8,389,477.48	2,940,650.00	4,599,150.00
Less : Provision for Impairment - Refundable Deposits - Note 9(c)	(1,065,650.00)	(1,065,650.00)	(1,065,650.00)	(1,065,650.00)
	<u>5,501,867.45</u>	<u>8,473,638.65</u>	<u>2,536,268.00</u>	<u>4,384,586.16</u>
	<u>79,616,191.54</u>	<u>156,299,877.21</u>	<u>44,630,080.95</u>	<u>88,490,944.43</u>
NOTE 9(a) - PROVISION FOR IMPAIRMENT				
Balance on 1st April	82,948,688.77	72,734,294.15	82,948,688.77	72,734,294.15
Provision made during the year	8,000,000.00	10,846,394.62	8,000,000.00	10,846,394.62
Reversal of over provision	(108,000.00)	(632,000.00)	(108,000.00)	(632,000.00)
Written off against the provision	(5,823,298.80)	-	(5,823,298.80)	-
Balance on 31st March	<u>85,017,389.97</u>	<u>82,948,688.77</u>	<u>85,017,389.97</u>	<u>82,948,688.77</u>
Represented by:-				
Trade Debtors	11,912,125.04	17,843,423.84	11,912,125.04	17,843,423.84
Other Debtors	73,105,264.93	65,105,264.93	73,105,264.93	65,105,264.93
	<u>85,017,389.97</u>	<u>82,948,688.77</u>	<u>85,017,389.97</u>	<u>82,948,688.77</u>
NOTE 9(b) - OTHER NON CURRENT ASSETS - HOUSING LOAN - STAFF				
Loan receivable within one year	606,368.00	639,708.00	606,368.00	639,708.00
Loan receivable after one year	706,907.00	1,233,987.00	706,907.00	1,233,987.00
Balance on 31st March	<u>1,313,275.00</u>	<u>1,873,695.00</u>	<u>1,313,275.00</u>	<u>1,873,695.00</u>
NOTE 9(c) - PROVISION FOR IMPAIRMENT - REFUNDABLE DEPOSITS				
Balance on 1st April	1,065,650.00	1,065,650.00	1,065,650.00	1,065,650.00
Provision made during the year	-	-	-	-
Balance on 31st March	<u>1,065,650.00</u>	<u>1,065,650.00</u>	<u>1,065,650.00</u>	<u>1,065,650.00</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

		Consolidated		Company	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
		SL Rs.	SL Rs.	SL Rs.	SL Rs.
NOTE 10 - OTHER CURRENT ASSETS					
Prepayments & Advances		17,550,280.24	11,082,002.71	7,815,157.41	5,016,935.93
ESC Recoverable - Note 10 (a)		6,843,430.32	7,303,013.92	-	-
VAT Recoverable		5,282,504.68	53,019,567.73	-	7,239,024.49
NBT Recoverable		-	5,494,120.64	-	2,005,909.52
		<u>29,676,215.24</u>	<u>76,898,705.00</u>	<u>7,815,157.41</u>	<u>14,261,869.94</u>
NOTE 10(a) - ESC RECOVERABLE					
Balance on 1st April		7,303,013.92	7,781,437.96	-	-
Payments made during the year		24,740,667.62	5,588,575.96	13,589,576.22	-
Amount set off against Income Tax Payable		(25,200,251.22)	(6,067,000.00)	(13,589,576.22)	-
Balance on 31st March		<u>6,843,430.32</u>	<u>7,303,013.92</u>	<u>-</u>	<u>-</u>
NOTE 11 - CASH & CASH EQUIVALENTS					
State Bank of India	A/c. No. 25140043450001	-	139,555,735.74	-	139,555,735.74
Bank of Ceylon	A/c. No. 0003003543	6,396,919.32	28,335,162.59	6,396,919.32	28,335,162.59
Sampath Bank	A/c. No. 0027 10005721	16,247,319.17	8,741,816.00	16,247,319.17	8,741,816.00
Nations Trust Bank	A/c. No. 003100004718	2,443,055.11	2,922,082.77	2,443,055.11	2,922,082.77
Indian Bank	A/c. No. 10803738	4,897.70	121,178.98	4,897.70	121,178.98
ICICI Bank Limited	A/c. No. 897505004575	1,096,403.25	359,426.49	1,096,403.25	359,426.49
Commercial Bank	A/c. No. 1170006500	999,850.00	5,686,450.00	999,850.00	5,686,450.00
Nations Trust Bank	A/c. No. 003100025148	74,234.50	175,000.00	74,234.50	175,000.00
Nations Trust Bank	A/c. No. 003100025618	-	762,621.92	-	762,621.92
Peoples Bank	A/c. No. 056100180008549	13,954,143.03	10,995,447.05	13,954,143.03	10,995,447.05
State Bank of India	A/c. No. 25160359820219	3,650,073.98	99,933,634.09	-	-
Sampath Bank	A/c. No. 002710012115	6,576,106.00	18,736,254.72	-	-
Nations Trust Bank	A/c. No. 003100028836	2,198,425.00	10,205,533.93	-	-
Bank of Ceylon	A/c. No. 0076178616	5,975,431.78	-	-	-
Peoples Bank	A/c. No. 056-1-001-6-0075189	4,040,046.77	7,854,533.63	-	-
Nations Trust Bank	A/c. No. 003100031720	393,605.00	371,516.00	-	-
		<u>64,050,510.61</u>	<u>334,756,424.11</u>	<u>41,216,822.08</u>	<u>197,654,921.54</u>
Short Term Deposits					
Fixed Deposits		911,152,876.71	-	380,108,219.18	-
Commercial Bank - Money Market Deposits		237,479,920.06	77,766,600.05	182,339,244.80	10,064,312.48
NTB - Daily Repo		17,449,509.50	89,035,804.38	17,449,509.50	89,035,804.63
Commercial Bank - Repo		-	761,616,900.33	-	361,616,900.33
		<u>1,166,032,306.27</u>	<u>928,419,385.06</u>	<u>579,896,973.48</u>	<u>460,717,317.49</u>
Cash in Hand					
Cash in Hand - Factory		934,991.84	664,995.30	400,820.00	153,090.00
Sales Office In-prest		53,708.00	1,410.00	53,708.00	1,410.00
		<u>1,038,699.84</u>	<u>666,405.30</u>	<u>454,528.00</u>	<u>154,500.00</u>
		<u>1,231,171,516.72</u>	<u>1,263,742,194.47</u>	<u>621,568,323.56</u>	<u>658,526,739.03</u>
Bank Balance - Unfavourable					
State Bank of India	A/c. No. 25140043450001	(1,684,627.14)	-	(1,684,627.14)	-
Nations Trust Bank	A/c. No. 003100025516	(5,246,149.30)	-	(5,246,149.30)	-
Commercial Bank	A/c. No. 1144013969	(948,951.02)	(601,912.19)	(948,951.02)	(601,912.19)
Bank of Ceylon	A/c. No. 0076178616	-	(14,556,539.64)	-	-
Commercial Bank - Pannala	A/c. No. 1144015888	(51,406,002.54)	(40,837,177.20)	-	-
		<u>(59,285,730.00)</u>	<u>(56,145,679.03)</u>	<u>(7,879,727.46)</u>	<u>(601,912.19)</u>
		<u>1,171,885,786.72</u>	<u>1,207,596,515.44</u>	<u>613,688,596.10</u>	<u>657,924,826.84</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 12 - FINANCIAL ASSETS & FINANCIAL LIABILITIES

	Consolidated		Company	
	31.03.2017 SL Rs.	31.03.2016 SL Rs.	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Financial Assets				
Other Non Current Assets (Note 9(b))	1,313,275.00	1,873,695.00	1,313,275.00	1,873,695.00
Trade & Other Receivables (Note 9)	79,616,191.54	156,299,877.21	44,630,080.95	88,490,944.43
Cash at Bank & in Hand (Note 11)	1,231,171,516.72	1,263,742,194.47	621,568,323.56	658,526,739.03
	<u>1,312,100,983.26</u>	<u>1,421,915,766.68</u>	<u>667,511,679.51</u>	<u>748,891,378.46</u>
Financial Liabilities				
Trade & Other Payables (Note 16)	283,839,238.49	686,297,903.23	203,909,483.06	348,052,753.35
Trade Deposits	1,484,823.19	1,484,823.19	1,484,823.19	1,484,823.19
Amount due to Related Company (Note 19)	112,405,205.92	111,174,278.63	70,419,455.12	53,909,070.09
Bank Overdraft (Note 11)	59,285,730.00	56,145,679.03	7,879,727.46	601,912.19
Long Term borrowings payable in the ensuring year (Note 15)	-	83,782,000.00	-	83,782,000.00
	<u>457,014,997.60</u>	<u>938,884,682.08</u>	<u>283,693,488.83</u>	<u>487,830,558.82</u>

NOTE 13 - STATED CAPITAL

	Company	
	31.03.2017 SL Rs.	31.03.2016 SL Rs.
No of Ordinary Shares Issued & Fully Paid	23,000,202	23,000,202
Stated Capital on 31st March	230,002,020.00	230,002,020.00

Except for the subscriber shares of 202, all the shares of the Company has been issued to Ramco Industries Ltd. Chennai.

	Consolidated		Company	
	31.03.2017 SL Rs.	31.03.2016 SL Rs.	31.03.2017 SL Rs.	31.03.2016 SL Rs.
NOTE 14 - DEFERRED LIABILITIES				
(a) Provision for Retiring Gratuity				
Balance on 1st April	17,053,809.69	16,692,818.60	12,654,598.40	13,233,067.52
Add : Provision for the year / (Reversal) - Note 14.1	2,244,175.42	760,175.29	1,212,024.19	(179,375.12)
	19,293,075.31	17,452,993.89	13,866,622.59	13,053,692.40
Less : Payments made during the year	(1,045,511.05)	(399,094.00)	(616,656.55)	(399,094.00)
Balance on 31st March	18,252,534.26	17,053,899.89	13,249,966.04	12,654,598.40
(b) Deferred Taxation				
Balance on 1st April	47,591,000.00	49,936,000.00	47,591,000.00	49,936,000.00
Deferred Tax Charged to the Income Statement	24,289,000.00	(2,345,000.00)	(4,185,000.00)	(2,345,000.00)
Balance on 31st March - Note 14.2	71,380,000.00	47,591,000.00	43,406,000.00	47,591,000.00
Total	<u>90,132,564.26</u>	<u>64,044,839.89</u>	<u>56,635,966.04</u>	<u>60,245,538.40</u>

NOTE 14.1 - PROVISION FOR THE YEAR

Charge for the year	3,443,216.78	3,165,757.24	1,752,118.23	1,631,064.33
Interest for the year	1,989,362.99	1,607,611.03	1,535,299.46	1,430,819.18
Deficit / (Surplus) charge for the year	(3,193,404.35)	(4,213,192.98)	(2,075,393.51)	(3,241,258.63)
	<u>2,244,175.42</u>	<u>760,175.29</u>	<u>1,212,024.19</u>	<u>(179,375.12)</u>

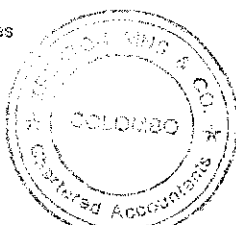
This provision has been computed in accordance with the Sri Lanka Accounting Standard. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

In order to carry out this valuation, the following assumptions were made:-

	31.03.2017	31.03.2016
Retirement Age	55 years	55 years
Rate of Interest	13.00%	12.00% p.a.
Staff Turnover Factor (as a %)	13.63% - 13.71%	15.32% - 15.91%
Salary Increment	10.00%	10.00%

NOTE 14.2 - DEFERRED TAX ASSET, LIABILITY RELATES TO THE FOLLOWING

Deferred Tax Liability				
Accelerated depreciation for tax purposes	92,889,374.49	51,134,288.00	47,115,990.49	51,134,288.00
Deferred Tax Assets				
Retirement Benefit Obligations	(4,210,250.49)	(3,543,288.00)	(3,709,990.49)	(3,543,288.00)
Unutilized tax losses	(16,799,124.00)	-	-	-
Net Deferred Tax Liability / (Asset)	<u>71,880,000.00</u>	<u>47,591,000.00</u>	<u>43,406,000.00</u>	<u>47,591,000.00</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 15 - LONG TERM BORROWINGS

	Consolidated		Company	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	SL Rs.	SL Rs.	SL Rs.	SL Rs.
Loan - Indian Bank				
Balance on 1st April	83,782,000.00	196,578,000.00	83,782,000.00	196,578,000.00
Loan obtained during the year	-	-	-	-
	83,782,000.00	196,578,000.00	83,782,000.00	196,578,000.00
Loan instalments paid during the year	(83,782,000.00)	(112,796,000.00)	(83,782,000.00)	(112,796,000.00)
Balance on 31st March	-	83,782,000.00	-	83,782,000.00
Amount Payable within one year	-	(83,782,000.00)	-	(83,782,000.00)
Amount Payable after one year	-	-	-	-

Interest Rate : AWPLR+1% p.a. (Interest reset half yearly)

Terms of Repayments : 20 Quarterly Instalments with a holiday period of 6 months from the date of 1st availment

NOTE 16 - TRADE & OTHER PAYABLES

Trade & Other Creditors	182,678,257.13	528,142,369.07	141,972,134.00	256,835,225.31
Accrued Expenses	93,943,563.51	135,377,856.04	56,381,852.88	71,851,068.05
Advance Received from Customers	7,217,417.85	22,777,678.12	5,555,496.18	19,366,459.99
	283,839,238.49	686,297,903.23	203,909,483.06	348,052,753.35

NOTE 17 - INCOME TAX PAYABLE

Balance on 1st April	56,918,269.81	44,420,023.80	60,831,095.50	44,999,838.60
Add : Provision for the year	173,776,675.00	124,360,000.00	162,166,000.00	118,293,000.00
	230,694,944.81	168,780,023.80	222,997,095.50	163,292,838.60
Less : W.H.Tax Paid	(8,160,055.06)	(2,697,562.25)	(3,337,966.55)	(2,234,994.94)
Notional Tax Paid	(2,353,475.56)	(4,468,832.74)	(1,400,537.96)	(1,598,389.16)
Set off of Economic Service Charge Paid	(25,200,251.22)	(6,067,000.00)	(13,589,576.22)	-
Income Tax Payments made during the year	(141,115,398.71)	(93,628,359.00)	(141,115,398.71)	(98,628,359.00)
Balance on 31st March	53,865,764.26	56,912,269.81	63,553,616.06	60,831,095.50

NOTE 18 - OTHER CURRENT LIABILITIES

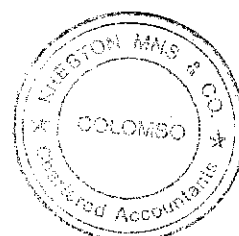
Provision for Replacement of Damaged Sheets - Note 18.1	7,414,327.23	3,461,149.25	4,161,346.93	2,522,872.00
EPF Payable	1,583,535.47	1,293,854.88	837,951.43	637,815.22
ETF Payable	241,131.67	193,372.83	125,692.71	95,672.35
PAYE Tax Payable	792,657.86	176,786.00	744,265.00	151,040.36
Stamp Duty Payable	79,475.00	80,300.00	47,500.00	42,125.00
NBT Payable	6,212,156.22	-	3,798,101.89	-
ESC Payable	3,783,413.55	1,679,563.58	4,228,365.93	-
VAT Payable	41,827,196.40	-	26,365,134.55	-
	65,030,893.10	6,835,026.34	40,308,358.44	3,449,524.93

NOTE 18.1 - PROVISION FOR REPLACEMENT OF DAMAGE SHEETS

Balance on 1st April	5,461,149.25	5,452,646.72	2,522,872.00	3,177,836.31
Add: Provision for the year	7,414,327.23	5,461,149.25	4,161,346.93	2,522,872.00
	12,875,476.48	10,913,795.97	6,684,218.93	5,700,708.31
Less : Cost of sheets replaced relating to previous year sales	(5,461,149.25)	(5,452,646.72)	(2,522,872.00)	(3,177,836.31)
Balance on 31st March	7,414,327.23	5,461,149.25	4,161,346.93	2,522,872.00

NOTE 19 - AMOUNT DUE TO RELATED COMPANY

Ramco Industries Ltd. (Chennai)	112,405,205.92	111,174,276.63	70,419,455.12	53,909,070.09
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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 20 - DIVIDEND

Final Dividend for 2014/2015 (Rs 2 Per share) Paid on 25.09.2015

	Consolidated 31.03.2017 SL Rs.	31.03.2016 SL Rs.	Company 31.03.2017 SL Rs.	31.03.2016 SL Rs.
- Net Dividend	-	42,550,373.70	-	42,550,373.70
- WHT @ 7.5%	-	3,450,030.30	-	3,450,030.30
Gross	-	46,000,404.00	-	46,000,404.00

First Interim Dividend for 2015/2016 (Rs 2 Per share) Paid on 22.01.2016

- Net Dividend	-	42,550,373.70	-	42,550,373.70
- WHT @ 7.5%	-	3,450,030.30	-	3,450,030.30
Gross	-	46,000,404.00	-	46,000,404.00

Second Interim Dividend for 2015/2016 (Rs 4 Per share) Paid on 28.03.2016

- Paid out of Dividends Received	-	90,192,689.10	-	90,192,689.10
- Paid out of Profits and other Income	-	1,672,509.97	-	1,672,509.97
- WHT @ 7.5%	-	135,608.93	-	135,608.93
Gross	-	92,000,808.00	-	92,000,808.00

Final Dividend for 2015/2016 (Rs 10 Per share) Paid on 18.07.2016

- Net Dividend	212,751,868.50	-	212,751,868.50	-
- WHT @ 7.5%	17,250,151.50	-	17,250,151.50	-
Gross	230,002,020.00	-	230,002,020.00	-

First Interim Dividend for 2016/2017 (Rs 12.50 Per share) Paid on 23.12.2016

- Paid out of Dividends Received	90,192,689.10	-	90,192,689.10	-
- Paid out of Profits and other Income	182,511,593.21	-	182,511,593.21	-
- WHT @ 7.5%	14,798,237.69	-	14,798,237.69	-
Gross	287,502,520.00	-	287,502,520.00	-

Second Interim Dividend for 2016/2017 (Rs 10.00 Per share) Paid on 17.02.2017

- Paid out of Dividends Received	180,385,378.20	-	180,385,378.20	-
- Paid out of Profits and other Income	45,895,393.67	-	45,895,393.67	-
- WHT @ 7.5%	3,721,248.13	-	3,721,248.13	-
Gross	230,002,020.00	-	230,002,020.00	-

Third Interim Dividend for 2016/2017 (Rs 4.00 Per share) Paid on 21.03.2017

- Paid out of Dividends Received	90,192,689.10	-	90,192,689.10	-
- Paid out of Profits and other Income	1,672,509.97	-	1,672,509.97	-
- WHT @ 7.5%	135,608.93	-	135,608.93	-
Gross	92,000,808.00	-	92,000,808.00	-
Total	839,507,373.00	84,001,616.00	839,507,373.00	184,001,616.00

NOTE 21 - REVENUE

Gross amount invoiced	5,910,356,485.70	4,836,117,519.13	3,085,971,797.35	2,340,711,002.11
Value Added Tax	(693,258,150.79)	(479,254,839.29)	(369,198,207.00)	(231,962,351.56)
Sales Incentive (Volume Rebates)	4,947,093,434.81	4,356,862,629.39	2,716,773,590.35	2,108,748,650.55
	(746,949,055.02)	(514,195,254.88)	(404,967,222.53)	(266,339,142.41)
Less: Inter Group Sales	4,200,149,079.39	3,842,567,334.31	2,311,806,367.82	1,842,409,508.14
	(146,553.06)	(12,778,153.95)	-	-
	4,200,002,816.83	3,829,889,240.95	2,311,806,367.82	1,842,409,508.14

NOTE 22 - OTHER INCOME

Reversal of Bad Debts over Provision - Trade Debtors	108,000.00	632,000.00	108,000.00	632,000.00
Scrap Sales - Note 22.1	923,978.69	201,939.04	741,475.93	201,939.04
Reversal of Bonus over Provision	-	159,951.92	-	159,951.92
Insurance Claim	52,478.95	144,553.46	52,478.95	144,553.46
Profit on Disposal of Property, Plant & Equipment	173,913.04	810,810.81	173,913.04	810,810.81
Raw Material & Consumable Sales	-	-	1,422.62	127,781.56
Unclaimed Payables Written Back	1,161,528.11	43,340.08	239,029.83	43,340.08
Rental Income - Note 22.2	79,700.66	-	79,700.66	-
Unidentified Receipts	-	114,309.91	-	114,309.91
	2,499,599.46	2,106,905.22	1,396,021.04	2,234,686.78

NOTE 22.1 - SCRAP SALES

Gross Amount	1,053,627.99	224,152.33	845,849.72	224,152.33
VAT	(129,649.50)	(22,213.29)	(104,373.79)	(22,213.29)
	923,978.69	201,939.04	741,475.93	201,939.04

NOTE 22.2 - RENTAL INCOME

Gross Amount	91,655.76	-	91,655.76	-
VAT	(11,955.10)	-	(11,955.10)	-
	79,700.66	-	79,700.66	-



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 23 - FINANCE COST AND FINANCE INCOME

	Consolidated		Company	
	31.03.2017 SL Rs.	31.03.2016 SL Rs.	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Finance Cost				
Overdraft Interest	-	198.78	-	198.78
Long term loan interest	3,465,881.09	11,171,259.72	3,465,881.09	11,171,259.72
	<u>3,465,881.09</u>	<u>11,171,458.50</u>	<u>3,465,881.09</u>	<u>11,171,458.50</u>
Finance income				
Dividend income	-	-	-	-
Interest Income on Fixed Deposit, Money Market Deposits & Repo	114,908,602.06	72,702,633.27	360,770,756.40	90,192,689.10
	<u>114,908,602.06</u>	<u>72,702,633.27</u>	<u>51,113,683.65</u>	<u>39,372,524.75</u>
			<u>411,884,440.05</u>	<u>129,565,213.85</u>

NOTE 24 - PROFIT BEFORE TAXATION

Directors Remuneration	12,121,374.99	-	12,121,374.99	-
Depreciation	113,448,375.77	117,323,328.39	33,814,098.72	36,176,611.06
Leasehold Land (factory & Staff Quarters) Amortisation	31,920.00	31,920.00	31,920.00	31,920.00
Auditors Remuneration - Audit Fees	1,415,880.00	1,283,600.00	978,880.00	873,600.00
- Audit Fees Under Provision in respect of previous year	25,680.00	22,560.00	17,880.00	15,800.00
Staff Cost:				
- E.P.F	10,826,224.19	10,682,717.55	5,138,748.24	4,740,429.91
- E.T.F	2,704,560.25	2,617,207.50	1,284,687.08	1,185,108.20
- Provision for Retiring Gratuity / (Reversal)	2,244,175.43	760,175.29	1,212,024.19	(179,375.12)
- Other Staff Costs	183,126,334.55	159,836,351.48	103,321,863.39	86,933,350.25
Provision for Replacement of Damaged Sheets	7,414,327.23	5,461,149.25	4,161,346.93	2,522,872.00
Royalty	410,107,041.43	374,304,613.49	225,747,038.92	180,023,453.68
Provision for Impairment - Other Debtors	8,000,000.00	10,846,394.62	8,000,000.00	10,846,394.62
Nation Building Tax	98,943,778.19	86,885,270.73	54,341,498.25	42,305,550.77

NOTE 25 - TAXATION

Tax on Current year Profits	173,776,675.00	124,360,000.00	162,166,000.00	118,293,000.00
Deferred Taxation Charge - Note 25.1	24,289,000.00	(2,345,000.00)	(4,185,000.00)	(2,345,000.00)
Dividend Tax	40,085,639.30	10,021,409.90	-	-
	<u>238,151,314.30</u>	<u>132,036,409.90</u>	<u>157,981,000.00</u>	<u>115,948,000.00</u>

NOTE 25.1 - DEFERRED TAXATION CHARGE

Accelerated depreciation for tax purpose	41,755,033.43	(2,506,971.00)	(4,018,297.51)	(2,506,971.00)
Retirement Benefit Obligations	(866,952.40)	161,971.00	(166,702.49)	161,971.00
Utilized Tax Losses	(18,799,124.00)	-	-	-
	<u>24,289,000.00</u>	<u>(2,345,000.00)</u>	<u>(4,185,000.00)</u>	<u>(2,345,000.00)</u>

NOTE 25(a) - RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSES

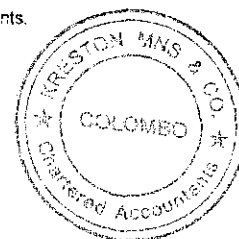
Profit before Taxation	991,160,549.35	797,507,397.87	908,457,849.00	488,139,027.86
Expenses Disallowed for Tax Purposes	142,994,879.00	140,335,707.00	54,642,027.00	53,376,928.00
Expenses Allowable for Tax Purposes	(34,110,863.00)	(76,640,587.00)	(22,821,244.00)	(28,847,723.00)
Allowable Income	-	-	(360,770,756.00)	(90,192,689.00)
Tax Loss brought forward	(190,310,460.00)	(201,934,998.00)	-	-
Tax Loss carried forward	197,991,233.00	190,319,460.00	-	-
Exempt/(Profit)/Loss	(406,839,373.00)	(405,426,535.00)	-	-
Assessable Income	820,974,573.35	444,140,114.82	579,507,876.00	422,475,543.86
Less: Qualifying Payments - Approved Donation	-	-	-	-
Taxable Income	<u>820,974,573.35</u>	<u>444,140,114.82</u>	<u>579,507,876.00</u>	<u>422,475,543.86</u>
Income Tax	23%	28%	28%	28%
Income Tax Payable	<u>173,872,881.00</u>	<u>124,359,232.00</u>	<u>162,252,206.00</u>	<u>118,293,152.00</u>
Total Income Tax Provision	<u>173,776,675.00</u>	<u>124,360,000.00</u>	<u>162,166,000.00</u>	<u>118,293,000.00</u>

NOTE 26 - EVENTS OCCURRING AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which require adjustment to or disclosure in the Financial Statements.

NOTE 27 - CONTINGENT ASSETS & CONTINGENT LIABILITIES

There are no Contingent Assets & Contingent Liabilities as at 31.03.2017



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 28 - CAPITAL COMMITMENTS

There were no material Capital expenditure commitments approved as at 31.03.2017.

NOTE 29 - RELATED PARTY TRANSACTIONS

(1) Transactions with Key Managerial Persons.

Key Managerial Persons include members of the Board of Directors of the Company and Key Employees of the Company.

	Group		Company	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	SL Rs.	SL Rs.	SL Rs.	SL Rs.
Key Managerial Persons Remuneration	<u>27,526,400.25</u>	<u>19,510,849.27</u>	<u>19,978,015.05</u>	<u>15,381,370.00</u>

- (2) Sri Ramco Lanka (Pvt) Ltd has acquired Property, Plant & Equipment and Machinery Spares to the sum of Rs. 18,332,102.80 during the year from its Holding Company Ramco Industries Ltd. - Chennai, India.
- (3) Ramco Industries Ltd - Chennai is entitled to receive Royalty based on turnover (Turnover net of sales incentive, VAT & NBT) of Sri Ramco Lanka (Pvt) Ltd at 10% for the period 28.09.2004 to 28.02.2019. The amount charged for the year is Rs. 225,747,088.92
- (4) Sri Ramco Lanka (Pvt) Ltd has entered into the following transaction with Subsidiary Company Sri Ramco Roofings Lanka (Pvt) Ltd

Amount (Rs.)

Raw Material & Consumable	146,563.06
Sales	

- (5) The amount due to related company is disclosed in Note 19 to the Financial Statements.
- (6) The Subsidiary Company - Sri Ramco Roofings Lanka (Pvt) Ltd has acquired Property, Plant & Equipment and Machinery Spares to the sum of Rs. 16,002,843.20 during the year from its related Company Ramco Industries Ltd. - Chennai, India.

Further Ramco Industries Ltd - Chennai is entitled to receive Royalty based on turnover (Turnover net of sales incentive, VAT & NBT) of Sri Ramco Roofings Lanka (Pvt) Ltd at 10% for the period 01.04.2012 to 31.03.2017. The amount charged for the year is Rs. 184,359,952.51

Directors of this Company Mr. P. R. Ramasubramanian Raja and Mr. P.R. Venkotrana Raja are also Directors of Ramco Industries Ltd. Chennai and Sri Ramco Roofings Lanka (Pvt) Ltd.

Directors of this Company Mr. Prem G. Shanker and Mr. N. Vasudevan are also Directors of Sri Ramco Roofings Lanka (Pvt) Ltd.

