

# Kreston MNS & Co

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

### Report on the Financial Statements

We have audited the accompanying Financial Statements of **SRI RAMCO ROOFINGS LANKA (PVT) LTD** ("the Company"), which comprise the Statement of Financial Position as at 31<sup>st</sup> March 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, exhibited on pages 6 to 20.

### 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.

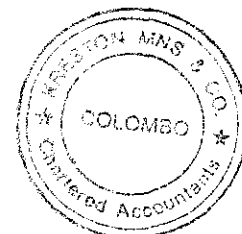
### Auditor's Responsibility

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 Financial Statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> 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.



Contd.

#### Partners

Ms. Y. Shirani de Silva FCA, FCMA  
Ms. Sivasevi Esachandran FCA, FCMA  
S. Rajanathan FCA, FCMA (UK)  
N.K. Atukerala FCA, ACMA  
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Correspondent Firm within Grant Thornton International Ltd (Grant Thornton International)

## 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, comply with the requirements of section 151 of the Companies Act No. 07 of 2007.

*Krisby Mps*

**CHARTERED ACCOUNTANTS**

**COLOMBO**

**18<sup>TH</sup> MAY 2017**

**SR/RB/bn**

SR-RamcoRoofingLanka(2017)-c8



## STATEMENT OF FINANCIAL POSITION AS AT

		31.03.2017 SL Rs.	31.03.2016 SL Rs.
<b>ASSETS</b>	<b>Note</b>		
<b>Non-Current Assets</b>			
Property, Plant & Equipment	4	613,467,959.44	688,895,371.18
Capital Work in Progress	5	45,865,382.27	40,355,260.37
		<u>659,333,341.71</u>	<u>729,250,631.55</u>
<b>Current Assets</b>			
Inventories	6	461,489,687.22	560,188,948.93
Trade & Other Receivables	7	34,986,110.59	67,808,932.78
Other Current Assets	8	21,861,057.83	62,636,835.06
Income Tax Recoverable	9	9,687,851.79	3,912,825.69
Cash at Bank & in Hand	11	609,603,193.16	605,215,455.44
		<u>1,137,627,900.59</u>	<u>1,299,762,997.90</u>
<b>TOTAL ASSETS</b>		<u>1,796,961,242.30</u>	<u>2,029,013,629.45</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	12	1,015,043,010.00	1,015,043,010.00
Retained Earnings		550,397,590.04	553,081,692.68
		<u>1,565,440,600.04</u>	<u>1,568,124,702.68</u>
<b>Non-Current Liabilities</b>			
Deferred Liabilities	13	33,476,598.23	4,399,301.49
		<u>33,476,598.23</u>	<u>4,399,301.49</u>
<b>Current Liabilities</b>			
Trade & Other Payables	14	79,929,756.03	338,245,150.49
Other Current Liabilities	15	24,722,534.66	5,435,501.41
Amount due to Related Company	16	41,985,750.80	57,265,206.54
Bank Overdraft	11	51,406,002.54	55,543,766.84
		<u>198,044,044.03</u>	<u>456,489,625.28</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u>1,796,961,242.30</u>	<u>2,029,013,629.45</u>

The Accounting Policies and Notes on pages 6 to 20 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. 07 of 2007.

.....  
Assistant Accountant

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

18<sup>th</sup> May 2017.

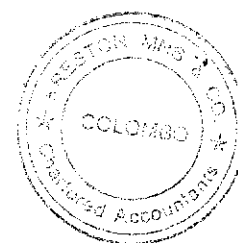


## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED

	Note	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Revenue	17	1,888,196,449.01	1,987,479,732.81
Cost of Sales		(1,338,448,106.31)	(1,483,938,957.07)
<b>Gross Profit</b>		<u>549,748,342.70</u>	<u>503,540,775.74</u>
Other Income	18	1,105,001.04	2,038,491.72
		<u>550,853,343.74</u>	<u>505,579,267.46</u>
Distribution Costs		(70,875,062.32)	(58,386,902.31)
Administrative Expenses		(91,726,498.69)	(77,730,344.08)
Other Expenses		(8,628,924.78)	(3,287,160.95)
Finance Income	19	63,794,918.41	33,330,108.52
<b>Profit before Taxation</b>	20	<u>443,417,776.36</u>	<u>399,504,968.64</u>
Taxation	21	(40,084,675.00)	(6,067,000.00)
<b>Profit for the Year</b>		<u>403,333,101.36</u>	<u>393,437,968.64</u>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income for the Year</b>		<u><u>403,333,101.36</u></u>	<u><u>393,437,968.64</u></u>

The Accounting Policies and Notes on pages 6 to 20 form an integral part of these Financial Statements.



## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2017

	Note	Stated Capital SL Rs.	Retained Earnings SL Rs.	Total SL Rs.
Balance as at 31st March 2015		1,015,043,010.00	261,148,025.04	1,276,191,035.04
Profit for the year		-	393,437,968.64	393,437,968.64
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	393,437,968.64	393,437,968.64
Dividend - Interim 2015/2016	22	-	(101,504,301.00)	(101,504,301.00)
Balance as at 31st March 2016		1,015,043,010.00	553,081,692.68	1,568,124,702.68
Profit for the year		-	403,333,101.36	403,333,101.36
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	403,333,101.36	403,333,101.36
Dividend - Final 2015/16	22	-	(101,504,301.00)	(101,504,301.00)
Dividend - First Interim 2016/17	22	-	(203,008,602.00)	(203,008,602.00)
Dividend - Second Interim 2016/17	22	-	(101,504,301.00)	(101,504,301.00)
		-	(406,017,204.00)	(406,017,204.00)
Balance as at 31st March 2017		1,015,043,010.00	550,337,590.04	1,565,440,600.04

The Accounting Policies and Notes on pages 6 to 20 form an integral part of these Financial Statements.



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

		31.03.2017 SL Rs.	31.03.2016 SL Rs.
	Note		
Profit before Taxation		443,417,776.36	399,504,968.64
<b>Adjustments :</b>			
Depreciation	4	79,690,057.44	81,202,497.73
Provision for Replacement of Damaged Sheets	20	3,252,980.30	2,938,277.25
Provision for Retiring Gratuity	13	1,032,151.24	939,550.41
Finance Income	19	(63,794,918.41)	(33,330,108.52)
Cost of sheets replaced relating to previous year		(2,938,277.25)	(2,274,810.41)
<b>Operating Profit before changes in Working Capital</b>		<b>460,659,769.68</b>	<b>448,980,375.10</b>
<b>Changes in Working Capital</b>			
(Increase) / Decrease in Inventories	6	98,699,261.71	(221,864,003.74)
(Increase) / Decrease in Trade & Other Receivables	7	32,822,822.19	(26,544,543.09)
(Increase) / Decrease in Other Current Assets	8	40,316,193.63	(25,991,594.37)
Increase / (Decrease) in Trade & Other Payables	14	(258,315,394.45)	292,627,677.59
Increase / (Decrease) in Other Current Liabilities	15	18,972,330.20	(2,632,936.64)
Increase / (Decrease) in Amount due to Related Company	16	(15,279,455.74)	15,792,408.35
<b>Cash Generated from Operations</b>		<b>377,875,527.22</b>	<b>480,367,383.21</b>
WHT Paid	9	(4,822,088.51)	(462,567.31)
Notional Tax	9	(952,937.60)	(2,870,443.58)
ESC Paid	8(a)	(11,151,091.40)	(5,588,575.96)
Gratuity Paid	13	(428,854.50)	-
<b>Net Cash Flows from Operating Activities</b>		<b>360,520,555.21</b>	<b>471,445,796.36</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment	4	(4,143,705.70)	(251,662.50)
Investment in Capital Work-in-Progress	5	(5,629,061.90)	(34,396,252.65)
Finance Income	19	63,794,918.41	33,330,108.52
<b>Net Cash Flows from / (used in) Investing Activities</b>		<b>54,022,150.81</b>	<b>(1,317,806.63)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid	22	(406,017,204.00)	(101,504,114.12)
<b>Net Cash used in Financing Activities</b>		<b>(406,017,204.00)</b>	<b>(101,504,114.12)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>3,525,502.02</b>	<b>368,623,875.61</b>
Cash & Cash Equivalents at the beginning of the year	11	549,671,688.60	181,047,812.99
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>11</b>	<b>553,197,190.62</b>	<b>549,671,688.60</b>

The Accounting Policies and Notes on pages 6 to 20 form an integral part of these Financial Statements.



**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – CORPORATE INFORMATION**

Name of the Company	-	Sri Ramco Roofings Lanka (Pvt) Ltd.
Legal Form	-	A Private Limited Liability Company incorporated in Sri Lanka under the Companies Act No. 07 of 2007 on 09th November 2010 - (PV 75389).
Registered Office / Factory	-	Pallegodawatte, 5 <sup>th</sup> Mile Post, Meegama, Dharga Town
Nature of business / activities	-	Manufacture of rubber household items & plastic items, asbestos fiber cement sheets and accessories.
Parent enterprise and ultimate Parent enterprise	-	The Company's Parent undertaking is Sri Ramco Lanka (Pvt) Ltd, a Company incorporated in Sri Lanka. However the ultimate Parent enterprise is Ramco Industries Ltd a Company incorporated in India.

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

The Financial Statements of the Company for the year ended 31<sup>st</sup> 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 Company.

The Directors have made an assessment of the Company'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 Financial Statements are summarised below. These accounting policies have been used throughout all periods presented in the financial statements.

**NOTE 3.2 - 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 3.3 – 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 3.4 - BORROWING COSTS

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

## NOTE 3.5 – 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 3.6 - 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 Equipment	10%
Factory Tools	10%
Factory Equipment	10%
Tube well	10%



Depreciation is provided from the month of purchase to the month of sale.

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 3.7 - 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 3.8 - IMPAIRMENT TESTING OF PROPERTY, PLANT AND EQUIPMENT

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.

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

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 3.9 - CASH &amp; 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.

## NOTE 3.10 - FINANCIAL INSTRUMENTS

## (a) Financial Assets

**Trade & other receivables and cash & cash equivalents**

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.

**Staff Loans**

Staff loans are recognised initially at fair value. After initial recognition staff loans are measured at amortised cost.

## (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



## NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

## NOTE 3.11 – INVENTORIES

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Value of Raw material, 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'.

## NOTE 3.12 - INCOME TAXES

## (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 12<sup>th</sup> 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 loss for the year of assessment 2011/12, the Company is of the view the tax holiday commence 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.
- (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 31<sup>st</sup> 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 31<sup>st</sup> 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.



NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3.12 - INCOME TAXES (CONTD.)

(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 3.13 - 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 3.14 - 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.

NOTE 3.15 - 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 Employee Provident and Employee 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.





**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)**

**NOTE 3.15 - POST-EMPLOYMENT BENEFITS, SHORT-TERM EMPLOYEE BENEFITS AND TERMINATION BENEFITS (CONTD.)**

**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 3.16 - 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.

**NOTE 3.17 - SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY**

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

**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.

**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.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3.17 - SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY (CONTD.)

• 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.

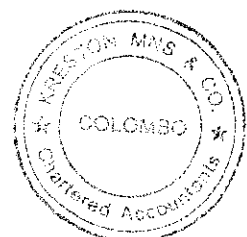
• Fair value of financial instruments

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 3.18 - 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 FINANCIAL STATEMENTS (CONTD.)

## NOTE 4 - PROPERTY, PLANT &amp; EQUIPMENT

Item	As at 01.04.2016 SL Rs.	Additions SL Rs.	As at 31.03.2017 SL Rs.
Plant & Machinery	483,812,998.14	986,940.78	484,799,938.92
Building	338,891,823.92	118,940.00	339,010,763.92
Electrical Goods	92,470,407.96	2,853,164.92	95,323,572.88
Electrical Installation	57,691,614.39	-	57,691,614.39
Factory Equipment	4,977,838.80	-	4,977,838.80
Lab Equipment	2,657,783.36	-	2,657,783.36
Factory Tools	454,400.00	-	454,400.00
Furniture & Fittings	6,156,829.18	12,100.00	6,168,929.18
Motor Vehicles & Fork Lift Trucks	22,432,746.41	-	22,432,746.41
Office Equipment	3,891,257.50	291,500.00	4,182,757.50
Tube Well	2,196,895.38	-	2,196,895.38
	<u>1,015,634,595.04</u>	<u>4,262,645.70</u>	<u>1,019,897,240.74</u>

Depreciation:	As at 01.04.2016 SL Rs.	Charge for the year SL Rs.	As at 31.03.2017 SL Rs.
Plant & Machinery	193,844,829.16	48,411,325.19	242,256,154.35
Building	44,911,877.24	11,289,139.78	56,201,017.02
Electrical Goods	39,018,943.26	9,355,669.66	48,374,612.92
Electrical Installation	24,062,355.15	5,769,161.44	29,831,516.59
Factory Equipment	2,056,050.31	497,783.88	2,553,834.19
Lab Equipment	1,147,567.17	265,778.34	1,413,345.51
Factory Tools	198,120.11	45,440.00	243,560.11
Furniture & Fittings	2,478,387.93	616,489.61	3,094,877.54
Motor Vehicles & Fork Lift Trucks	16,545,825.49	2,826,170.92	19,371,996.41
Office Equipment	1,532,138.69	393,409.08	1,925,547.77
Tube Well	943,129.35	219,689.54	1,162,818.89
	<u>326,739,223.88</u>	<u>79,690,057.44</u>	<u>406,429,281.30</u>

Written Down Value	As at 31.03.2017 SL Rs.	As at 01.04.2016 SL Rs.
Plant & Machinery	242,543,784.57	289,968,168.98
Building	282,809,746.90	293,979,946.68
Electrical Goods	46,948,959.96	53,451,464.70
Electrical Installation	27,860,097.80	33,629,259.24
Factory Equipment	2,424,004.61	2,921,788.49
Lab Equipment	1,244,437.85	1,510,216.19
Factory Tools	210,839.89	256,279.89
Furniture & Fittings	3,074,051.64	3,678,441.25
Motor Vehicles & Fork Lift Trucks	3,060,750.00	5,886,920.92
Office Equipment	2,257,209.73	2,359,118.81
Tube Well	1,034,076.49	1,253,766.03
	<u>613,467,959.44</u>	<u>688,895,371.18</u>

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 finalized yet.

Property, Plant & Equipment includes fully depreciated assets the cost of which amounts to Rs. 16,277,746.41

## NOTE 4(a) - DEPRECIATION CHARGE FOR THE YEAR

On Current year additions	147,704.93
On previous year additions	79,542,352.51
	<u>79,690,057.44</u>



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

## NOTE 5 - CAPITAL WORK IN PROGRESS

	Balance on 01.04.2016 SL Rs.	Additions during the year	Capitalized during the year	Balance on 31.03.2017 SL Rs.
Dormitory first floor	4,021,924.74	-	-	4,021,924.74
HR office - 1st floor	1,346,538.33	-	-	1,346,538.33
Well for drinking water	118,940.00	-	118,940.00	-
Jumbo 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 IMT/HR 1.5MD * 2L with motor	2,218,633.52	-	-	2,218,633.52
Compound wall	-	4,681,471.90	-	4,681,471.90
Ball mill unit	-	147,590.00	-	147,590.00
PRT moldings	-	800,000.00	-	800,000.00
	<u>40,355,260.37</u>	<u>5,629,061.90</u>	<u>118,940.00</u>	<u>45,865,382.27</u>

31.03.2017 SL Rs.	31.03.2016 SL Rs.
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## NOTE 6 - INVENTORIES

Raw Materials	177,975,837.08	442,431,084.79
Finished Goods	253,161,191.00	95,792,364.46
Consumables - Machinery Spares & Others	30,352,659.14	21,965,499.68
	<u>461,489,687.22</u>	<u>560,188,948.93</u>

## NOTE 7 - TRADE &amp; OTHER RECEIVABLES

Trade Debtors	32,020,511.14	63,719,880.29
Refundable Deposits	2,582,827.48	3,790,327.48
Salary Advance	133,826.40	135,026.40
Festival Advance	61,636.61	53,912.31
Staff Advance	15,312.66	7,281.38
Staff Loan	99,300.00	102,504.92
Staff Advance - Travelling	72,656.30	-
	<u>34,986,110.59</u>	<u>67,808,932.78</u>

## NOTE 8 - OTHER CURRENT ASSETS

Prepayments & Advances	9,735,122.83	6,065,066.78
ESC Recoverable - Note 8(a)	6,843,430.32	7,303,013.92
VAT Recoverable	5,282,504.68	45,780,543.24
NET Recoverable	-	3,488,211.12
	<u>21,861,057.83</u>	<u>62,636,835.06</u>



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

## NOTE 8(a) - ESC RECOVERABLE

	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Balance on 1 st April	7,303,013.92	7,781,437.96
Payments made during the year	11,151,091.40	5,588,575.96
Amount set off against Income Tax payable	(11,610,675.00)	(6,067,000.00)
Balance on 31 March	<u>6,843,430.32</u>	<u>7,303,013.92</u>

## NOTE 9 - INCOME TAX RECOVERABLE

Balance on 1 st April	(3,912,825.69)	(579,814.80)
Provision for the year	11,610,675.00	6,067,000.00
Payments made during the year	-	-
ESC Set off	(11,610,675.00)	(6,067,000.00)
WHT Paid	(4,822,088.51)	(462,567.31)
Notional Tax paid	(952,937.60)	(2,870,443.58)
Balance on 31 st March	<u>(9,687,851.79)</u>	<u>(3,912,825.69)</u>

## NOTE 10 - FINANCIAL ASSETS AND FINANCIAL LIABILITIES

## Financial Assets

Trade & Other Receivables (Note 7)	34,986,110.59	67,808,932.78
Cash & Cash Equivalents (Note 11)	609,603,193.16	605,215,455.44
	<u>644,589,303.75</u>	<u>673,024,388.22</u>

## Financial Liabilities

Trade & Other Payables (Note 14)	79,929,756.03	338,245,150.49
Amount due to Related Company (Note 16)	41,985,750.80	57,265,206.54
Bank Overdraft (Note 11)	51,406,002.54	55,543,766.84
	<u>173,321,509.37</u>	<u>451,054,123.87</u>

## NOTE 11 - CASH &amp; CASH EQUIVALENTS

Nations Trust Bank	A/c. No. 003100028836	2,198,425.00	10,205,533.93
Peoples Bank	A/c. No. 056-1-001-6-0005189	4,040,046.77	7,854,533.83
State Bank of India	A/c. No. 25160369820219	3,650,073.98	99,933,664.09
Sampath Bank	A/c. No. 002710012116	6,576,106.00	18,736,254.72
Bank of Ceylon	A/c. No. 0076178616	5,975,431.78	-
Nations Trust Bank	A/c. No. 003100031720	393,605.00	371,516.00
Fixed Deposits		531,044,657.53	-
Commercial Bank Daily Repo		-	400,000,000.00
Commercial Bank Money market		55,140,675.26	67,702,047.57
Cash In Hand		584,171.84	411,905.30
		<u>609,603,193.16</u>	<u>605,215,455.44</u>
Bank Overdraft			
Bank of Ceylon	A/c. No. 0076178616	-	14,656,589.64
Commercial Bank	A/c. No. 1144015838	51,406,002.54	40,887,177.20
		<u>51,406,002.54</u>	<u>55,543,766.84</u>
		<u>558,197,190.62</u>	<u>549,671,688.60</u>





## NOTES TO FINANCIAL STATEMENTS (CONTD.)

31.03.2017

31.03.2016

## NOTE 12 - STATED CAPITAL

No. of Ordinary Shares Issued &amp; Fully Paid

101,504,301

101,504,301

SL Rs.

SL Rs.

Stated Capital on 31st March

1,015,043,010.00

1,015,043,010.00

## NOTE 13 - DEFERRED LIABILITIES

## (a) - Provision for Retiring Gratuity

Balance on 1st April

4,399,301.49

3,459,751.08

Add : Provision for the year - Note 13.1

1,032,151.24

939,550.41

5,431,452.73

4,399,301.49

Less : Payments made during the year

(428,854.50)

-

Balance on 31st March

5,002,598.23

4,399,301.49

## (b) - DEFERRED TAXATION

Balance on 1st April

-

-

Add: Transfer (to) / from Income Statement

28,474,000.00

-

Balance on 31st March - Note 13.2

28,474,000.00

-

Total

33,476,598.23

4,399,301.49

## NOTE 13.1 - PROVISION FOR THE YEAR

Charge for the year

1,696,098.55

1,534,692.91

Interest for the year

454,063.53

376,791.85

Deficit / (Surplus) charge for the year

(1,118,010.84)

(971,934.35)

1,032,151.24

939,550.41

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:-

Retirement Age

55 years

55 years

Rate of Interest

13%

12%

Staff Turnover Factor (as a %)

13.63%

15.91%

Salary Increment

10%

10%

## Note 13.2 - DEFERRED TAX ASSET, LIABILITY RELATES TO THE FOLLOWING

## Deferred Tax Liability

Accumulated depreciation for tax purpose

45,773,384.00

-

## Deferred Tax Assets

Retirement Benefit Obligation

(500,260.00)

-

Unutilized tax losses

(16,799,124.00)

-

Net Deferred Tax Liability/(Asset)

28,474,000.00

-



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

31.03.2017  
SL Rs.31.03.2016  
SL Rs.

## NOTE 14 - TRADE &amp; OTHER PAYABLES

Trade & Other Creditors	40,706,123.13	271,307,144.37
Accrued Expenses	37,561,711.23	63,526,787.99
Advance Received from Customers	1,661,921.67	3,411,218.13
	<u>79,929,756.03</u>	<u>338,245,150.49</u>

## NOTE 15 - OTHER CURRENT LIABILITIES

Provision for Replacement of Damaged Sheets	3,252,980.30	2,938,277.25
EPF Payable	711,638.77	656,039.46
ETF Payable	106,952.64	97,700.48
PAYE	48,392.56	25,745.64
Stamp Duty	31,975.00	38,175.00
NBT payable	2,414,054.33	-
VAT Payable	15,562,061.85	-
ESC Payable	2,552,047.62	1,679,563.58
EPF Payable Contract A/C	33,945.27	-
ETF Payable Contract A/C	8,486.32	-
	<u>24,722,534.66</u>	<u>5,435,501.41</u>

## NOTE 16 - AMOUNT DUE TO RELATED COMPANY

Ramco Industries Ltd - Chennai	41,985,750.80	57,265,206.54
	<u>41,985,750.80</u>	<u>57,265,206.54</u>

## NOTE 17 - REVENUE

Gross amount invoiced	2,524,238,225.29	2,481,222,766.17
Less : Value Added Tax	(204,059,943.79)	(245,886,940.79)
	<u>2,230,178,281.50</u>	<u>2,235,335,825.38</u>
Sales Incentive (Volume Rebates)	(341,981,832.49)	(247,856,032.57)
	<u>1,888,196,449.01</u>	<u>1,987,479,732.81</u>

## NOTE 18 - OTHER INCOME

Exchange Gain	-	2,038,491.72
Unclaimed Payables Written Back	922,498.28	-
Scrap Sales	182,502.76	-
	<u>1,105,001.04</u>	<u>2,038,491.72</u>

## NOTE 18.1 - SCRAP SALES

Gross Amount	207,778.27	-
VAT	(25,275.51)	-
	<u>182,502.76</u>	<u>-</u>

## NOTE 19 - FINANCE INCOME

Interest Income	63,794,918.41	33,330,108.52
	<u>63,794,918.41</u>	<u>33,330,108.52</u>



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

31.03.2017  
SL Rs.31.03.2016  
SL Rs.

## NOTE 20 - PROFIT BEFORE TAXATION

The following items have been recognised as expenses in determining profit before tax.

Depreciation	79,690,057.44	81,202,497.73
Auditors Remuneration - Audit Fees	437,000.00	390,000.00
- Audit fees under provision in respect of previous year	7,800.00	6,960.00
Staff Cost :		
- E.P.F	5,687,475.95	5,942,287.64
- E.T.F	1,419,873.17	1,432,099.30
- Provision for Retiring Gratuity	1,032,151.24	939,550.41
- Other Staff Costs	79,804,471.26	72,903,001.23
Royalty	184,359,952.51	194,281,159.81
Provision for Replacement of Damaged Sheets	3,252,980.30	2,938,277.25
Provision for Leasehold Land	1,080,000.00	1,080,000.00
Nation Building Tax	44,603,702.56	44,707,501.52

## NOTE 21 - TAXATION

Income Tax on Current Year Profit	11,610,675.00	6,067,000.00
Deferred Taxation Charge - Note 21.1	28,474,000.00	-
	40,084,675.00	6,067,000.00

## NOTE 21.1 - DEFERRED TAXATION CHARGE

Accumulated Depreciation for Tax Purpose	45,773,384.00	-
Retirement Benefit Obligations	(500,260.00)	-
Unutilized Tax Losses	(16,799,124.00)	-
	28,474,000.00	-

## NOTE 21.2 - RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSES

Profit before Taxation	443,417,776.36	399,504,968.64
Expenses Disallowed for Tax purposes	88,308,631.00	87,044,559.00
Expenses Allowable for Tax purposes	(41,295,616.00)	(47,792,864.00)
Tax Loss Brought Forward	(190,319,460.00)	(201,984,998.00)
Tax Loss Carried Forward	167,991,239.00	190,319,460.00
Exempt Profit Carried Forward	(426,635,873.00)	(405,426,555.00)
	41,466,697.36	21,664,570.64
Income Tax Payable	11,610,675.00	6,066,080.00
Total Income Tax Provision	11,610,675.00	6,067,000.00



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

## NOTE 22 - DIVIDENDS

	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Interim dividend for 2015/2016 (Rs. 1 Per Share) Paid on 28.03.2016		
- Net Dividend	-	90,192,689.10
- WHT @ 10%	-	10,021,409.90
Gross	-	100,214,099.00
Interim dividend for 2015/2016 (Rs. 1 Per Share) Paid on 28.03.2016		
- Net Dividend	-	1,193,436.86
- WHT @ 7.5%	-	96,765.14
Gross	-	1,290,202.00
Final Dividend for 2015/2016 (Rs. 1 Per Share) Paid on 18.07.2016		
- Net Dividend	90,192,689.10	-
- WHT @ 10%	10,021,409.90	-
Gross	100,214,099.00	-
Final Dividend for 2015/2016 (Rs. 1 Per Share) Paid on 18.07.2016		
- Net Dividend	1,193,436.84	-
- WHT @ 7.5%	96,765.16	-
Gross	1,290,202.00	-
	101,504,301.00	-
1st Interim dividend for 2016/2017 (Rs. 2 Per Share) Paid on 17.02.2017		
- Net Dividend	180,385,378.20	-
- WHT @ 10%	20,042,819.80	-
Gross	200,428,198.00	-
1st Interim dividend for 2016/2017 (Rs. 2 Per Share) Paid on 17.02.2017		
- Net Dividend	2,386,873.70	-
- WHT @ 7.5%	193,530.30	-
Gross	2,580,404.00	-
	203,008,602.00	-
2nd Interim dividend for 2016/2017 (Rs. 1 Per Share) Paid on 21.03.2017		
- Net Dividend	90,192,689.10	-
- WHT @ 10%	10,021,409.90	-
Gross	100,214,099.00	-
2nd Interim dividend for 2016/2017 (Rs. 1 Per Share) Paid on 21.03.2017		
- Net Dividend	1,193,436.84	-
- WHT @ 7.5%	96,765.16	-
Gross	1,290,202.00	-
	101,504,301.00	-
Total	406,017,204.00	101,504,301.00



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

## NOTE 23 - RELATED PARTY TRANSACTIONS

## (i) Transactions with Key Managerial Persons

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

	2016/2017 SL Rs.	2015/2016 SL Rs.
Key Managerial Persons Remuneration	<u>7,548,385.20</u>	<u>4,129,479.27</u>

(ii) The Company has purchased Rs. 146,563.06 worth of Raw Materials & Consumables from Sri Ramco Lanka (Pvt) Ltd.

(iii) Ramco Industries Ltd - Chennai is entitled to receive Royalty based on turnover (Turnover net of sales incentive, VAT & NBT) of the company at 10% for the period 01.04.2012 to 31.03.2017.

The amount charge for the year is disclosed in Note 20 to the Financial Statements.

(iv) The amount due to related company is disclosed in Note 16 to the Financial Statements.

(v) The Company has purchased Rs. 16,902,843.20 worth of Property, Plant & Equipment and Machinery Spare Parts from Ramco Industries Ltd. Chennai, India.

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

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

## NOTE 24 - CONTINGENT ASSETS &amp; CONTINGENT LIABILITIES

There are no Contingent Assets & Contingent Liabilities as at 31.03.2017.

## NOTE 25 - CAPITAL COMMITMENTS

There were no capital expenditure commitments approved as at 31.03.2017 in respect of the Company.

## NOTE 26 - EVENTS AFTER THE END OF THE REPORTING PERIOD

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



## SCHEDULES

31.03.2017

31.03.2016

SL Rs.

SL Rs.

## SCH 1 - COST OF SALES

## Raw Material :

Opening Stock	442,431,084.79	170,884,225.00
Add: Purchases	836,709,412.69	1,314,983,910.35
	<u>1,279,140,497.48</u>	<u>1,485,868,135.35</u>
Less : Closing Stock	(177,975,837.08)	(442,431,084.79)
Raw Materials Consumed - Sch 1(a)	1,101,164,660.40	1,043,437,050.56
Direct Wages	5,653,728.63	6,137,104.37
Prime Cost	<u>1,106,818,389.03</u>	<u>1,049,574,154.93</u>

## Factory Overheads

Repairs	- Electrical Goods	7,419,784.19	2,992,666.66
	- Plant & Machinery	19,345,657.66	12,451,658.10
	- Forklifts	1,366,590.06	2,776,613.18
	- Building	576,170.00	992,386.46
	- Factory Equipment	45,847.80	118,910.30
Repair & Maintenance - Factory Vehicle		704,512.00	636,011.28
Depreciation	- Plant & Machinery	48,411,325.19	48,381,299.81
	- Lab Equipment	265,778.34	265,778.34
	- Electrical Goods	9,355,669.66	9,247,040.80
	- Building	11,289,139.78	11,285,175.12
	- Factory Equipment	497,783.88	497,783.88
	- Factory Tools	45,440.00	45,440.00
Labour Contract Payments		7,789,342.95	10,249,058.01
Over Time		8,567,946.53	7,938,902.98
EPF		664,306.60	736,452.57
ETF		166,076.67	184,113.17
Workers Welfare		376,921.00	363,545.35
Casual Wages		15,960.00	18,325.00
Fuel For Generator		240,000.00	240,430.00
Oil Consumed for Genset		29,208,676.25	18,244,740.76
Bachoe and Tractor Hiring Charges		84,450.00	222,900.00
Fork Lift Hiring Charges		3,050,120.00	2,729,730.00
Felt belt Consumed		8,137,313.27	7,254,511.86
Electricity		35,126,010.99	38,301,081.58
Royalty		184,359,952.51	194,281,159.81
Royalty Over Provision in respect of previous year		(3,937.04)	-
Pulverizing Charges		1,105,785.00	1,340,977.40
Water		2,416,600.00	1,170,000.00
Lab Expenses		296,641.60	242,881.44
Stores Consumption		8,602,940.87	9,477,677.91
EPF Contract		651,902.17	1,465,369.66
ETF Contract		162,976.69	312,869.73
Travelling & Conveyance - Factory		1,631,136.45	1,082,345.20
Cost of Production		<u>1,498,795,210.10</u>	<u>1,435,121,991.28</u>



## Finished Goods

Opening Stock	95,792,364.46	146,918,263.40
Cost of Production	1,498,795,210.10	1,435,121,991.28
	<u>1,594,587,574.56</u>	<u>1,582,040,254.68</u>
Cost of sheets replaced relating to previous year	(2,938,277.25)	(2,274,810.41)
Less : Transferred to Repairs - Building	(40,000.00)	(34,122.74)
Less : Closing Stock	(253,161,191.00)	(95,792,364.46)
	<u>1,338,448,106.31</u>	<u>1,483,938,957.07</u>

## SCHEDULES (CONTD.)

## SCH 1(a) - RAW MATERIALS CONSUMED

	Fibre SL Rs.	Cement SL Rs.	Pulp SL Rs.	Fiyash SL Rs.	Slag SL Rs.	Total SL Rs.
<b>2015/16 :</b>						
Opening Stock as at 01.04.2015	164,600,363.43	5,041,372.48	789,605.46	210,870.77	173,007.86	170,884,225.00
Add : Purchases	797,345,171.71	499,145,387.47	8,109,015.38	10,084,984.00	299,351.79	1,314,983,910.35
	962,014,540.14	504,186,759.95	8,898,620.84	10,295,854.77	472,359.65	1,485,868,135.35
Less : Closing Stock as at 31.03.2016	(440,637,586.94)	(1,356,904.64)	(320,691.36)	(115,787.40)	(114.45)	(442,431,084.79)
	521,376,953.20	502,829,855.31	8,577,929.48	10,180,067.37	472,245.20	1,043,437,050.56
<b>2016/17 :</b>						
Opening Stock as at 01.04.2016	440,637,586.94	1,356,904.64	320,691.36	115,787.40	114.45	442,431,084.79
Add : Purchases	257,396,361.92	560,478,257.37	5,966,023.65	12,868,769.75	-	836,709,412.69
	698,033,948.86	561,835,162.01	6,286,715.01	12,984,557.15	114.45	1,279,140,497.48
Less : Closing Stock as at 31.03.2017	(171,570,488.57)	(5,740,481.70)	(660,831.00)	(3,921.36)	(114.45)	(177,975,837.08)
	526,463,460.29	556,094,680.31	5,625,884.01	12,980,635.79	-	1,101,164,660.40

## SCH 2 - DISTRIBUTION COSTS

	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Depreciation - Motor Vehicles & Fork Lift Trucks	2,826,170.92	4,486,549.28
Advertisement	3,959,737.11	13,400.00
Handling Charges	737,179.43	371,009.24
Loading & Unloading Charges	5,954,449.05	5,285,363.25
Sales Promotion Expenses	4,796,452.58	41,724.00
Nation Building Tax	44,603,702.56	44,707,501.52
Lorry Freight Charges	7,997,370.67	-
3% VAT Additional Payment	-	3,481,355.02
	70,875,062.32	58,386,902.31

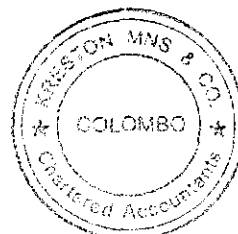


## SCHEDULES (CONTD.)

31.03.2017  
SL Rs.31.03.2016  
SL Rs.

## SCH 3 - ADMINISTRATIVE EXPENSES

Printing & Stationery	355,959.12	470,500.55
Audit Fees	437,000.00	390,000.00
Audit Fees under Provision in respect of Previous year	7,800.00	6,960.00
Security Charges	5,145,252.50	3,861,415.00
Travelling & Conveyance	426,293.00	498,805.00
Pooja Expenses	20,593.00	29,350.00
Allowances	5,106,255.55	4,433,195.89
Fuel Expenses	811,308.00	844,323.00
House Rent	709,000.00	667,000.00
Medical Expenses	2,085,646.02	1,841,933.20
Mess Expenses	1,971,927.58	2,051,595.00
Depreciation - Furniture & Fittings	616,489.61	615,682.94
- Electrical Installation	5,769,161.44	5,769,161.44
- Office Equipment	393,409.08	388,896.58
- Tube Well	219,689.54	219,689.54
Repairs - Guest House	405,324.64	287,203.00
- Computer	97,505.00	124,005.00
- Office Equipment	167,933.20	110,123.43
- Furniture & Fittings	84,941.00	3,000.00
- General	-	43,655.00
Vehicle Maintenance	2,470.00	186,055.00
Garden Maintenance	1,226,228.36	30,895.00
Staff Visa & Immigration Expenses	634,801.00	577,295.00
Staff Welfare	97,559.00	65,694.00
Telephone Charges	1,227,131.82	1,088,935.40
Trade Licenses	218,799.03	210,680.99
Salaries	32,181,573.33	25,052,218.04
Wages - Indirect	6,361,627.55	6,102,619.64
EPF	4,371,267.18	3,740,465.41
ETF	1,090,819.81	935,116.40
ETF Surcharge	-	62,631.53
Insurance	1,415,110.16	1,073,216.99
Bonus	4,379,427.31	3,814,979.50
Gift & Compliments	1,457,901.25	59,990.00
Canteen Expenses - Staff	3,329,735.00	3,371,776.29
Van Hiring Charges	1,726,630.50	2,515,466.40
Leave Encashment	265,059.61	244,816.90
Charity & Donations	153,202.00	173,984.36
Courier Charges	74,767.00	86,301.00
Legal Expenses	45,000.00	106,160.00
Professional Fees	1,288,206.14	398,807.00
SLS Certification Charges	619,718.86	803,418.02
BOI Charges	158,906.70	140,649.53
Secretarial Fees	5,550.00	52,700.00
Stamp Duty - Paid on Receipts	109,575.00	105,950.00
Books and Periodicals	37,089.13	42,190.00
Electricity	354,828.39	386,879.61
Provision for Retiring Gratuity	1,032,151.24	939,550.41
Income Tax Computation Preparation Charges	135,000.00	121,000.00
Income Tax Computation Preparation Charges Under Provision in respect of previous year	2,420.00	2,160.00
Membership & Subscriptions	345,941.73	219,115.95
Workers Welfare	986,960.20	639,942.06
Funeral Expenses	55,000.00	30,000.00
Provision for Leasehold Land	1,080,000.00	1,080,000.00
Workmen Compensation	-	100,000.00
Unclaimed VAT	256,574.54	327,956.58
Gas Consumption	167,978.57	184,232.50
	<u>91,726,498.69</u>	<u>77,730,344.08</u>





## SCHEDULES (CONTD.)

31.03.2017  
SL Rs.31.03.2016  
SL Rs.

## SCH 4 - OTHER EXPENSES

Bank Charges	245,746.64	270,387.70
Provision for Replacement of Damage Sheets - Sch 4.1	3,252,980.30	2,938,277.25
Exchange Loss	5,135,795.20	
Stock losses Written-off	(5,597.36)	78,496.00
	<u>8,628,924.78</u>	<u>3,287,160.95</u>

## SCH 4.1 - PROVISION FOR REPLACEMENT OF DAMAGED SHEETS

Balance on 1st April	2,938,277.25	2,274,810.41
Provision for the year	3,252,980.30	2,938,277.25
	<u>6,191,257.55</u>	<u>5,213,087.66</u>
Cost of sheets Replaced relating to previous year sales	(2,938,277.25)	(2,274,810.41)
	<u>3,252,980.30</u>	<u>2,938,277.25</u>

## SCH 5 - TRADE DEBTORS

Tharan Traders	-	2,927,909.90
Amudha Kadal Hardware	-	459,637.00
Anojan Traders	520,650.00	791,775.00
Anni Timber Store	166,530.00	-
Ananda Stores	-	846,640.00
Arunonanda Traders	-	2,627,589.00
Awanda Hardware Stores	-	440,248.19
Central Hardware	1,293,318.00	2,526,932.00
City Hardware	-	813,008.00
City Hardware	1,928,940.00	2,520,497.00
Dayani Trade Centre	-	1,688,653.00
Devika Hardware	-	222,235.00
D K S Builders	-	696,297.00
Emerald Hardware	1,588,470.00	2,838,998.00
Gallappatthi Hardware	-	827,405.00
Gowthaman Hardware	489,590.00	614,762.00
Grand Distributors	-	273,861.75
Harekrishna Hardware	166,530.00	642,068.00
H D A Hardware	1,289,689.00	1,257,988.00
Jayamuthu Hardware	413,595.00	-
Jayapura Hardware	-	562,136.00
Jayabima Hardware Stores	-	111,118.00
Jana Trade Center	-	671,287.00
Jayamali Hardware	-	779,162.00
Jayantha Hardware	5,946,828.00	6,304,854.00
Jeyakrishna Hardware	1,660,035.00	355,087.00
Jayawardhana Hardware	1,555,435.00	-
Kaji Hardware	-	1,674,435.00
Kannaki Hardware	486,720.00	723,647.00
K D S Hardware	-	1,273,509.00



## SCHEDULES (CONTD.)

31.03.2017

31.03.2016

SL Rs.

SL Rs.

## SCH 5 - TRADE DEBTORS (CONTD.)

Keerthi Hardware	-	1,260,249.00
Liyanage Hardware - Hakmana	2,561,246.00	2,509,647.00
Madduma Chemicals And Hardware	-	306,933.00
Maiyam Stores	-	669,375.00
Mahaweli Hardware	-	180,407.00
Maialathunga Construction (Pvt) Ltd- New	-	150,999.25
Madumali Enterprises-Solid	-	108,244.00
Murukandipillaiyar Hardware	333,060.00	614,592.00
Muthukumara Hardware	486,719.00	-
Muity Hardware - Eulathkohupitiya	-	180,407.00
New Lucky Hardware	-	771,906.00
Nihara Traders	689,715.00	-
Nevil Hardware	-	1,345,927.75
Nethmi Sheet Center - Kandana	-	381,742.00
Nishantha Hardware	-	1,260,042.00
Perera Hardware	-	583,050.00
Ranjan Hardware	-	241,400.00
Salmalee Hardware	-	1,674,469.00
Sanuji Enterprises	1,285,750.00	1,260,249.00
Sampath Hardware	-	1,269,172.00
Shakthy Trade Centre	-	617,035.00
Sharmi Trade Center	-	3,105,211.00
Sivagami Hardware	-	614,762.00
Siitnamaluwa Hardware	1,447,641.00	1,250,912.00
S P S International (Private) Limited	-	1,794,756.00
Sunil Jayaratne Construction	-	451,018.00
Samantha Hardware	2,475,575.00	-
Thilakarathna Hardware	-	270,611.00
Thennekumbura Hardware	-	496,120.00
Thispane Hardware	-	44,447.00
Thanu Hardware	-	520,093.00
Thissakutti Hardware	659,010.00	1,249,251.00
Thilak Hardware	-	861,704.00
Tharan Hardware	333,058.90	-
Rathna Hardware	377,130.00	-
Viva Hardware	-	642,068.00
Vino Enterprises (Pvt) Ltd - Solid	-	20,804.38
Welimada Hardware	-	279,631.00
Wickramasekara Hardware	-	1,260,249.00
Basil Hardware	375,704.00	-
Colombo Hardware	1,262,975.00	-
Disanayake Hardware	1,129,616.00	-
Zoisa Hardware	785,781.24	-
Other Trade Debtors	-	658.07
	<u>32,020,511.14</u>	<u>63,719,880.29</u>

## SCH 5 - ADVANCES &amp; PREPAYMENTS

Advance on Imports (Sch 6.1)	4,293,312.82	3,163,445.95
Advances (Sch 6.2)	3,258,296.95	1,394,893.01
Prepayments - Insurance & Others	1,890,640.43	1,364,900.86
Purchase Advance	292,872.63	141,826.96
	<u>9,735,122.83</u>	<u>6,065,066.78</u>



## SCHEDULES (CONTD.)

31.03.2017  
SL Rs.31.03.2016  
SL Rs.

## SCH 6.1 - ADVANCES ON IMPORTS

Syro Engineering Ag	-	3,163,445.95
Sri Lanka Customs / LC Charges	2,075,430.82	41,708.69
Shri Dinesh Mills Ltd	1,285,956.00	-
Masani Industries	931,926.00	-
	<u>4,293,312.82</u>	<u>3,163,445.95</u>

## SCH 6.2 - ADVANCES

Sumohan Engineers (Pvt) Ltd	-	67,530.30
Tokyo Cement Company (Lanka) Ltd	13,542.25	13,542.25
Macks Marketing (Pvt) Ltd	59,589.28	59,589.28
Monami Freighters (Pvt) Ltd.	-	17,740.35
MTN Networks (Pvt) Ltd	-	318.96
Department of imports and exports control	578,457.70	900,089.21
Polytec marketing (pvt) ltd.	-	532.60
NIKINI Automation System	-	169.25
United Pharmacy	7,000.00	-
Srilanka Standards Institution	-	45,000.00
Shakthi Furniture	-	80,000.00
Janashakthi Insurance PLC	-	76,344.25
Meegama Motors	-	28,000.00
Ceylinco Insurance PLC	-	6,197.67
Cesco (Pvt) Ltd	-	12,555.00
Central Environmental Authority	-	7,405.20
A.C.Paul&Co.,Ltd.	-	38,170.00
Alpha Advertising	35,000.00	-
Business Machines Company (Pvt) Ltd	4,766.75	-
Ceylon Weighing Machines Ltd	43,700.00	-
Eagle Wings Ltd	895,955.00	-
Fire X (Pvt) Ltd	59,935.97	-
G S P Industries	300.00	-
Nilanthi Holdings	4,400.00	-
P N International Auto Service	24,950.00	-
Teams Globe (Pvt) Ltd	1,500,000.00	-
Trans Orient Air Services	30,700.00	-
	<u>3,258,296.95</u>	<u>1,394,893.01</u>



## SCHEDULES (CONTD.)

## SCH 7 - REFUNDABLE DEPOSITS

	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Security Deposit- Electricity Supply	1,250,000.00	1,250,000.00
Oxygen Cylinder Deposit	99,750.00	99,750.00
Container Deposit	713,500.00	2,040,000.00
Deposit for Water Bottle	3,500.00	3,500.00
Rent Deposit	455,000.00	336,000.00
Employee Federation of Ceylon	61,077.48	61,077.48
	<u>2,582,827.48</u>	<u>3,790,327.48</u>

## SCH 8 - TRADE &amp; OTHER CREDITORS

Import Creditors - Sch 8(a)	5,444,166.43	259,351,220.02
Trade & Other Creditors - Sch 8(b)	35,261,956.70	11,955,924.35
	<u>40,706,123.13</u>	<u>271,307,144.37</u>

## SCH 8(a) - IMPORT CREDITORS

Sama S.A. Mineracoes Associates	-	93,939,051.46
Norita Resources (USD 35,820.40)	5,444,166.43	165,412,168.56
	<u>5,444,166.43</u>	<u>259,351,220.02</u>

## SCH 8(b) - TRADE &amp; OTHER CREDITORS

Auto - E - Zone Logistics (Pvt) Ltd	25,200.00	25,200.00
Reliance Trading Company	-	200,592.00
N.D.G Enterprises	-	140,841.28
Hassan and Co	-	155,334.88
Liberty Motor Associates (Pvt) Ltd	-	25,941.42
Chandra Industries & Supplier	-	79,064.28
Certis Lanka Courier Services	4,340.10	-
D.R.Industries(Pvt) Ltd	-	5,622.73
Gemini	-	30,195.00
Janashakthi Insurance Plc	5,635.17	27,257.43
M.Q.M Hussain	-	9,465.00
Next international (Pvt) Ltd	-	21,853.74
P.W.J Perera	-	2,000.00
Sithumna Constructions	-	189,113.00
The Eastern Engineering Works (Pvt) Ltd	-	29,000.00
V.V.Karunaratne & Company	1,000.14	528,566.81
Vinro Lanka Security Services (Pvt) Ltd.	-	91,700.00
Mr.Upasena	-	10,540.00
R.Soundarajan	-	1,630.00
Singha Cement (Pvt) Ltd	-	8,156,333.99
Gunarathne P.S.	-	5,700.00
Mrs.Harshi	-	16,150.00
E H R B Herath	-	4,345.00
HNE General Insurance Limited	2,550.44	2,550.44
Holcim (Lanka) Limited	-	32,975.73
R H C S Kumara	1,863.00	7,945.70
M/S.Lafarge Mahawli Cement (Pvt) Ltd	-	1,902,088.00



Contd.

## SCHEDULES (CONTD.)

31.03.2017  
SL Rs.31.03.2016  
SL Rs.

## SCH 8(b) - TRADE &amp; OTHER CREDITORS (CONTD.)

MPCS-Beruwela	-	100,919.40
Beautylac Coating (Pvt) Ltd	-	1,650.00
Sri Lanka Custom	-	43,025.54
Employee Payable	94,674.64	94,674.64
Prk Engineering	-	706.50
Jayasiri Traders	97,750.00	-
Ceylon Electricity Board	564,362.50	-
Lasantha Brothers	23,085.00	-
Manjula Kumara	7,485.00	-
Monami Freighters	232,959.41	-
Sam City Cement Lanka (Pvt) Ltd	9,167,190.87	-
Ultra Tech Cement Lanka	25,007,927.89	-
Tait Cheque	25,912.54	12,935.84
	<u>35,261,956.70</u>	<u>11,955,924.35</u>

## SCH 9 - ACCRUED EXPENSES

Audit Fees	437,000.00	384,480.00
Bank Charges payable on Imports	7,876.64	7,876.64
Electricity	1,446,413.61	3,401,563.67
Bonus Payable	4,804,479.07	4,079,974.21
Rent Payable	-	52,200.00
Income Tax Computation Charges	135,000.00	121,000.00
Salary Payable	90,606.32	165,858.25
Welfare	330,470.55	77,499.97
Incentive & Transport Payable	22,002,622.00	47,928,896.57
Provision for Leasehold Land	6,333,752.31	5,253,752.31
Wages Payable	9,584.14	1,884,758.83
Allowance Payable	754,740.00	740.69
Dividend Payable	934.23	186.85
Security Charges Payable	468,330.00	-
Professional Fee Payable	188,000.00	168,000.00
Garden Maintenance	70,000.00	-
Staff Allowance	225,500.00	-
Forklift Hiring Charges	252,628.35	-
Courier Charges	3,774.00	-
	<u>37,561,711.23</u>	<u>63,526,787.99</u>



## SCHEDULES (CONTD.)

## SCH 10 - EPF

	31.03.2017 SL Rs.	31.03.2016 SL Rs.
Administrative Expenses	4,371,267.18	3,740,465.41
Factory Overheads	1,316,208.77	2,201,822.23
	<u>5,687,475.95</u>	<u>5,942,287.64</u>

## SCH 11 - ETF

Administrative Expenses	1,090,819.81	935,116.40
Factory Overheads	329,053.36	496,982.90
	<u>1,419,873.17</u>	<u>1,432,099.30</u>

## SCH 12 - OTHER STAFF COSTS

<b>Factory Overheads</b>		
Direct Wages	5,653,728.63	6,137,104.37
Labour Contract Payments	7,789,342.95	10,249,058.01
Over Time	8,567,946.53	7,938,902.98
Casual Wages	15,960.00	18,325.00
Workers Welfare	376,921.00	363,545.35
	<u>22,403,899.11</u>	<u>24,706,935.71</u>

**Administrative Expenses**

Salaries	32,181,573.33	25,052,218.04
Allowances	5,106,255.55	4,433,195.89
Medical Expenses	2,085,646.02	1,841,933.20
Mess Expenses	1,971,927.58	2,051,595.00
Staff Visa & Immigration Expenses	634,801.00	577,295.00
Staff Welfare	97,559.00	65,694.00
Bonus	4,379,427.31	3,814,979.50
Canteen Expenses - Staff	3,329,735.00	3,371,776.29
Leave Encashment	265,059.61	244,816.90
Wages - Indirect	6,361,627.55	6,102,619.64
Workers Welfare	986,960.20	639,942.06
	<u>57,400,572.15</u>	<u>48,196,065.52</u>
	<u>79,804,471.26</u>	<u>72,903,001.23</u>



## SCHEDULES (CONTD.)

Amount  
SL Rs.

## SCH 13 - AMOUNT DUE TO RELATED COMPANY - RAMCO INDUSTRIES LTD - CHENNAI

## Royalty payable for the year:

Net Amount	165,923,957.26
W.H.Tax	18,435,995.25
Gross Amount	184,359,952.51
Amount paid	(142,374,201.71)
Royalty Payable	41,985,750.80

## SCH 13(a) - ROYALTY PAYABLE

Jan 2017 - March 2017

41,985,750.80

41,985,750.80

