

Our Ref : 1996 / A816 / ST / RB / SR

*FINANCIAL STATEMENTS OF
WELWORTH LANKA HOLDING (PVT) LTD
FOR THE YEAR ENDED
31ST MARCH 2024*



Kreston MNS & Co
Chartered Accountants
Level 1 & 2, Advantage Building
74A, Dharmapala Mawatha
Colombo 07

Tel: + 94 (0) 11 2323571-3
+ 94 (0) 11 2301396-7
Fax: + 94 (0) 11 2433388
Email: audit@kreston.lk
Web: www.kreston.lk

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WELWORTH LANKA HOLDING (PVT) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Welworth Lanka Holding (Pvt) Ltd ('the Company') which comprise the Statement of Financial Position as at 31st March 2024, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies exhibited on pages 3 to 11.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium – sized Entities (SLFRS for SMEs).

Basis for Opinion

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

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

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

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

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



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Branches

Anuradhapura, Badulla, Batticaloa, Hatton, Jaffna, Kandy, Negombo, Nuwara Eliya, Trincomalee

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an Audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the Audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

Kreston mns & Co
CHARTERED ACCOUNTANTS
COLOMBO
18TH APRIL 2024
ST/bn
ST-Welworth Lanka Holding(2024)-C9



STATEMENT OF FINANCIAL POSITION AS AT

	Note	31.03.2024 Rs.	31.03.2023 Rs.
ASSETS			
Non Current Assets			
Investment in Subsidiary	4	381,509,990.00	373,509,990.00
		<u>381,509,990.00</u>	<u>373,509,990.00</u>
Current Assets			
Amount due from Director		10.00	10.00
Cash and Cash Equivalents	6	11,506.31	16,242.06
		<u>11,516.31</u>	<u>16,252.06</u>
Total Assets		<u>381,521,506.31</u>	<u>373,526,242.06</u>
EQUITY & LIABILITIES			
Equity			
Stated Capital	7	385,550,000.00	377,550,000.00
Accumulated Loss		(7,603,849.36)	(6,736,385.19)
		<u>377,946,150.64</u>	<u>370,813,614.81</u>
Current Liabilities			
Amounts due to Related Companies	8	2,802,062.25	2,251,062.25
Other Payables	9	773,293.42	461,565.00
		<u>3,575,355.67</u>	<u>2,712,627.25</u>
Total Equity & Liabilities		<u>381,521,506.31</u>	<u>373,526,242.06</u>

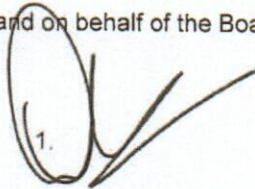
The Notes on pages 7 to 11 form an Integral part of these Financial Statements.

I certify that the above Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

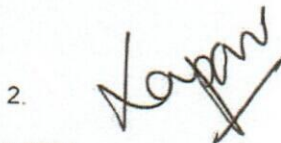
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Finance Officer

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

Signed for and on behalf of the Board by

1. 

Directors

2. 

Date : 18th April 2024



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED

		31.03.2024 Rs.	31.03.2023 Rs.
	Note		
Operating Income		-	-
Administrative Expenses		(867,464.17)	(615,095.00)
Loss before Tax	10	(867,464.17)	(615,095.00)
Tax expense	11	-	-
Loss after Tax		(867,464.17)	(615,095.00)
Other Comprehensive Income		-	-
		-	-
Total Comprehensive Income for the year		(867,464.17)	(615,095.00)

The Notes on pages 7 to 11 form an Integral part of these Financial Statements.



STATEMENT OF CHANGES IN EQUITY

	Note	Stated Capital Rs.	Accumulated Loss Rs.	Total Rs.
Balance as at 31st March 2022		374,300,000.00	(6,121,290.19)	368,178,709.81
Shares issued during the year	7	3,250,000.00	-	3,250,000.00
Loss for the year		-	(615,095.00)	(615,095.00)
Other Comprehensive Income for the year		-	-	-
Balance as at 31st March 2023		<u>377,550,000.00</u>	<u>(6,736,385.19)</u>	<u>370,813,614.81</u>
Shares issued during the year	7	8,000,000.00	-	8,000,000.00
Loss for the year		-	(867,464.17)	(867,464.17)
Other Comprehensive Income for the year		-	-	-
Balance as at 31st March 2024		<u><u>385,550,000.00</u></u>	<u><u>(7,603,849.36)</u></u>	<u><u>377,946,150.64</u></u>

The Notes on pages 7 to 11 form an Integral part of these Financial Statements.



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

		31.03.2024 Rs.	31.03.2023 Rs.
	Note		
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before Tax		(867,464.17)	(615,095.00)
Adjustments:		-	-
Operating Loss before Changes in Working Capital		<u>(867,464.17)</u>	<u>(615,095.00)</u>
Changes in Working Capital			
Increase / (Decrease) in Other Payables	9	311,728.42	126,865.00
Cash Generated from / (used in) Operations		<u>311,728.42</u>	<u>126,865.00</u>
Income Tax Paid		-	-
Net Cash used in Operating Activities		<u>(555,735.75)</u>	<u>(488,230.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Subsidiary	4	(8,000,000.00)	(3,250,000.00)
Net Cash used in Investing Activities		<u>(8,000,000.00)</u>	<u>(3,250,000.00)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares Issued	7	8,000,000.00	3,250,000.00
Amount received from / (Paid to) related Company	8	551,000.00	501,100.00
Net Cash flows from Financing Activities		<u>8,551,000.00</u>	<u>3,751,100.00</u>
Net Increase / (Decrease) in Cash & Cash Equivalents		<u>(4,735.75)</u>	<u>12,870.00</u>
Cash & Cash Equivalents at the beginning of the year	6	<u>16,242.06</u>	<u>3,372.06</u>
Cash & Cash Equivalents at the end of the year	6	<u><u>11,506.31</u></u>	<u><u>16,242.06</u></u>

The Notes on pages 7 to 11 form an Integral part of these Financial Statements.



NOTES TO FINANCIAL STATEMENTS

NOTE 1 - CORPORATE INFORMATION

Welworth Lanka Holding (Pvt) Ltd (Formerly Puravankara Holding Lanka (Pvt) Ltd) is a Private Limited liability Company incorporated under the Companies Act No. 07 of 2007 (PV 8705) and domiciled in Sri Lanka. The address of its registered office and principal place of business is No.74A, 1st Floor, Advantage Building, Dharmapala Mawatha, Colombo 07. The Company was first registered on 01st December 2006.

The principal shareholder is Puravankara Limited – India, which holds 99.99% of the shares of Welworth Lanka Holding (Pvt) Ltd.

The principal activity of Welworth Lanka Holding (Pvt) Ltd is holding Investments.

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 31st March 2024 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 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.

NOTE 3.3 - EVENTS OCCURRING AFTER REPORTING DATE

All material events occurred after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 3.4 - BORROWING COSTS

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

NOTE 3.5 - 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 or loss 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 earnings capacity of the organisation have been treated as capital expenditure.

NOTE 3.6 - FINANCIAL INSTRUMENTS

Financial Assets

Receivables, Amount Due from Director and cash and cash equivalents

These financial assets are recognised initially at the transaction price.

At the end of each reporting period, the carrying amounts of 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.

Financial Liabilities

The Company's financial liabilities include Amounts due to Related Companies 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.

NOTE 3.7 - INCOME TAXES

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

a) Current Taxes

The provision for income tax is based on the elements of the income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

b) Deferred Tax

Deferred Tax is provided using the liability method on temporary differences at the Reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred Tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Reporting date.

Deferred tax asset has not been provided since there is no reasonable evidence that the temporary difference relating to accumulated loss will reverse for some considerable period ahead.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 3.8 - EQUITY AND RESERVES

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".

NOTE 3.9 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are made for all obligations existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote.

All contingent assets are disclosed where inflow of economic benefits is probable.

NOTE 3.10 - CAPITAL COMMITMENTS

Capital commitments of the company are disclosed in the respective notes to the Financial Statements.

NOTE 3.11 - INVESTMENT IN SUBSIDIARY COMPANY

Investment in subsidiary Company has been accounted for at cost, 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.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

31.03.2024

31.03.2023

Rs.

Rs.

NOTE 4 - INVESTMENT IN SUBSIDIARY

Balance on 1st April -

Welworth Lanka (Pvt) Ltd. (37,350,999 Shares)
(Formerly Puravankara Projects Lanka (Pvt) Ltd)

373,509,990.00

370,259,990.00

Investment made during the year

8,000,000.00

3,250,000.00

Balance on 31st March (38,150,999 Shares)

381,509,990.00

373,509,990.00

NOTE 5 - FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial Assets

Financial Assets measured at amortised cost less impairment

Amount due from Director

10.00

10.00

Cash and Cash Equivalents (Note 6)

11,506.31

16,242.06

Total

11,516.31

16,252.06

Financial liabilities

Financial Liabilities measured at amortised cost

Amounts due to Related Companies (Note 8)

2,802,062.25

2,251,062.25

Other Payables (Note 9)

773,293.42

461,565.00

Total

3,575,355.67

2,712,627.25

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash at Bank

11,506.31

16,242.06

11,506.31

16,242.06

NOTE 7 - STATED CAPITAL

The stated Capital of the Company consists only of fully paid ordinary shares.

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholder meetings of the company. All shares rank equally with regard to the Company's residual assets.

31.03.2024

31.03.2023

Number of Ordinary Shares issued & fully paid

Balance on 1st April

37,755,000

37,430,000

Shares issued during the year

800,000

325,000

Balance on 31st March

38,555,000

37,755,000

Rs.

Rs.

Stated Capital

Balance on 1st April

377,550,000.00

374,300,000.00

Shares issued during the year

8,000,000.00

3,250,000.00

Balance on 31st March

385,550,000.00

377,550,000.00



NOTES TO FINANCIAL STATEMENTS (CONTD.)

31.03.2024

31.03.2023

Rs.

Rs.

NOTE 8 - AMOUNTS DUE TO RELATED COMPANIES

Welworth Lanka (Pvt) Ltd.	2,793,637.25	2,242,637.25
Puravankara Limited - India	8,425.00	8,425.00
	<u>2,802,062.25</u>	<u>2,251,062.25</u>

NOTE 9 - OTHER PAYABLES

Financial Liabilities

Kreston MNS & Co.	- Audit Fees - 2022/23	240,070.12	177,100.00
	- 2023/24	264,077.42	-
Kreston Corporate Services (Pvt) Ltd	- Tax Return Filing Charges - 2022/23	90,763.75	144,700.00
	- 2023/24	99,840.13	-
Kreston Corporate Services (Pvt) Ltd	- Accounting Fees	43,542.00	100,725.00
Em En Es (Assignments)(Private) Ltd	- Secretarial Charges	-	4,040.00
Rent Payable		35,000.00	35,000.00
		<u>773,293.42</u>	<u>461,565.00</u>

NOTE 10 - LOSS BEFORE TAX

is stated after charging all expenses including

Audit Fees	<u>327,047.54</u>	<u>177,100.00</u>
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NOTE 11 - TAXATION

Income Tax

As per the Inland Revenue Act No 24 of 2017, the company is liable to income tax @ 30%. However, income tax has not been provided in view of the assessable loss for the year.

NOTE 12 - EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

NOTE 13 - CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no significant Contingent Assets and contingent Liabilities as at 31 March 2024.

NOTE 14 - CAPITAL COMMITMENTS

There were no capital expenditure commitments approved as at 31 March 2024 in respect of the Company.

NOTE 15 - RELATED PARTY TRANSACTIONS

Details of Related Party Transactions are given below.

	Relationship	31.03.2024 (Rs.)	31.03.2023 (Rs.)
Shares issued to Puravankara Ltd - India	Ultimate Parent	385,550,000.00	377,550,000.00
Investment in Shares of Welworth Lanka (Pvt) Ltd	Subsidiary	381,509,990.00	373,509,990.00

The amounts due to related parties is disclosed in Note 8 to the financial statements.



SCHEDULES

31.03.2024

31.03.2023

Rs.

Rs.

SCH 1 - ADMINISTRATIVE EXPENSES

Secretarial Charges	130,420.00	97,280.00
Audit Fees	264,077.42	177,100.00
Under provision of audit fee	62,970.12	-
Bank Charges	3,660.00	3,140.00
Accounting Charges	173,132.75	131,475.00
Rent Expense	120,000.00	120,000.00
Tax Fees	99,840.13	77,400.00
Tax fees under provision	13,363.75	8,700.00
	<u>867,464.17</u>	<u>615,095.00</u>

SCH 2 - CASH AT BANK

HNB - A/C No. 003010381061

11,506.3116,242.06